

# Shire of Quairading

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## *Audit and Risk Committee Meeting Agenda*



11<sup>th</sup> June 2019

# Notice of Meeting

11<sup>th</sup> June 2019

Dear Councillors,

The next Audit and Risk Committee Meeting will be held in the Council Chambers, 10 Jennaberring Road, Quairading, WA on Tuesday 11<sup>th</sup> June 2019 commencing at 5pm.

Yours faithfully,

**Nathan Gilfellow**  
**Executive Manager of Corporate Services**

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## Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Quairading during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Quairading. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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## SHIRE OF QUAIRADING

### ITEM 1 OPENING & ANNOUNCEMENTS

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The Chairperson opened the Meeting at \_\_\_\_\_ pm.

“Before we start our Meeting, I would like to acknowledge that we are meeting on Noongar land and we pay respect to the original custodians...past, present and future and welcome you all here today for this Meeting”.

### ITEM 2 ATTENDANCE AND APOLOGIES

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#### Councillors

Cr JN Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr B McGuinness	Deputy Shire President
Cr LR Brown	
Cr J McRae	
Cr TJ Stacey	

#### Council Officers

Mr GA Fardon	Chief Executive Officer
Mr NL Gilfellon	Executive Manager of Corporate Services
Mr A Rourke	Executive Manager of Works & Services
Mr RM Bleakley	IPR/ Strategic Projects Officer
Mrs J Yardley	A/Senior Finance Officer
Ms MA Lee-Curtis	A/Executive Officer

#### Observers/Visitor

Nil

#### Apologies

Nil

#### Approved Leave of Absence

Cr PD Smith

### ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

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Nil.

### ITEM 4 DECLARATIONS OF INTEREST

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Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

- Declarations of Financial Interest – Local Government Act 1995 Section 5.60a
- Declarations of Proximity Interest – Local Government Act 1995 Section 5.60b
- Declarations of Impartiality Interest – Administration Regulations 1996 Section 34c

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

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**5.1 Confirmation of Minutes – 12<sup>th</sup> March 2019**

**Recommendation**

That the Minutes of the Audit & Risk Committee Meeting held on the 12<sup>th</sup> March 2019 be confirmed as a true and accurate record. (Attached)

**VOTING REQUIREMENTS** – Simple Majority

**5.2 Business Arising**



# Shire of Quairading

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## *Audit and Risk Committee Meeting Minutes*

12<sup>th</sup> March 2019

# DISCLAIMER

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## **Disclaimer**

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Quairading during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Quairading. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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## SHIRE OF QUAIRADING

Quairading Audit and Risk Council Meeting held on 12<sup>th</sup> March 2019 commencing at 4.58 pm.

### ITEM 1 OPENING & ANNOUNCEMENTS

---

The Chairperson opened the Meeting at 4.58 pm.

“Before we start our Meeting, I would like to acknowledge that we are meeting on Noongar land and we pay respect to the original custodians...past, present and future and welcome you all here today for this Meeting”.

### ITEM 2 ATTENDANCE AND APOLOGIES

---

#### Councillors

Cr Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr LR Brown	
Cr J McRae	
Cr PD Smith	
Cr TJ Stacey	

#### Council Officers

Mr GA Fardon	Chief Executive Officer
Mr NL Gilfellow	Executive Manager of Corporate Services
Mr A Rourke	Executive Manager of Works & Services
Mr RM Bleakley	IPR/ Strategic Projects Officer

#### Observers/Visitor

Nil.

#### Apologies

Cr B McGuinness	Deputy Shire President
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#### Approved Leave of Absence

Nil

### ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

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Nil.

### ITEM 4 DECLARATIONS OF INTEREST

---

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

- Declarations of Financial Interest – Local Government Act 1995 Section 5.60a
- Declarations of Proximity Interest – Local Government Act 1995 Section 5.60b
- Declarations of Impartiality Interest – Administration Regulations 1996 Section 34c

Nil at this time.

## ITEM 6      STANDING ITEMS – EXTERNAL AUDIT

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### *Audit & Risk Committee - Terms of Reference 7.6*

The Chairperson received Committee consent to bring forward Item 6.1 to facilitate the telephone meeting with Council's Auditor Mr Greg Godwin.

### **6.1 Council Meeting with Auditor**

The Meeting with Mr Greg Godwin, commenced at 5.02 pm in Council's Committee Room.

For Councillor's reference Mr Godwin's Audit Report and Management Letter were attachments to this Committee Meeting Agenda Papers.

#### **Statutory Requirements**

##### Local Government Act 1995

##### 7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to: -
  - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
  - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must: -
  - (a) examine an audit report received by the local government; and
  - (b) determine if any matters raised by the audit report, require action to be taken by the local government; and
  - (c) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must: -
  - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
  - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

#### **Council Delegated of Authority**

##### *Delegation F.1 – Audit Committee: Meeting with Auditor*

Council delegates authority and power to the Audit & Risk Committee to meet with the Local Government's Auditor at least once per year.

Mr Godwin made the following Comments on the Audit Report, Management Letter and the Office of Auditor General auditing Local Governments' Financials.

### **Audit Report**

Mr Godwin stated the Clear Independence of the Auditor from Council and Management.

Mr Godwin confirmed that Council had achieved a Clear (Unqualified) Audit Report

New Paragraph this year – Emphasis of Matter – Basis of Preparation

This includes wording that confirms that Council is not allowed to recognise the Value of Land under Roads.

There is a more detailed paragraph “Responsibilities of the Auditor” in this Year’s Report – this is a requirement of the Auditor General.

In accordance with the Auditor General’s principle of “decluttering”, this year’s Audit Report does not make reference to Adverse Trends or Non Compliance as the Audit Opinion has found no Adverse Trends or Non-Compliance of the Local Government Act by Council.

### **Management Letter**

Mr Godwin spoke to each of the presented Ratios with particular focus on the Operating Surplus Ratio which had shown an improvement in the ratio in the past year, whilst still being in the negative.

Mr Godwin expressed comfort in the method of preparation and calculation of each of the ratios.

Councillors queried the reported Adverse Trends and the Target Ratios.

Mr Godwin provided detail on the Ratio Targets of both the Department of Local Government and the higher Ratios of the OAG and the different interpretation of significant adverse trends by the Auditor General.

Moore Stephens take the approach of the overall financial position of the Council and that the Risk must be assessed along with the Ratios.

Mr Godwin advised that the WANDRRA Event and Repairs may still have a skewing effect on the Ratios in the 2018/19 Financials.

The revaluation of Assets and the reassessment of Effective Useful Life and Depreciation Rates will also impact on the Ratios.

Mr Godwin highlighted the issue of Council not having an IT Disaster Recovery Plan and sought details on Council’s intentions on this Matter.

The Chief Executive Officer responded that the need for an IT Disaster Recovery Plan was identified in a recent external IT Audit and that Council had resolved to budget in the 2019/20 year for the preparation of both an IT Strategy and an IT Disaster Recovery Plan.

The CEO commented on the work undertaken with guidance from LGIS on the development of a Business Continuity Plan.

### **Office of the Auditor General (OAG)**

Mr Godwin made reference to the First Report by the Auditor General to Parliament on the Local Government Financial Audits conducted for the 2017/2018 Year. A copy will be circulated to all Councillors by the CEO.

In their first year, the OAG audited 46 local governments with 42 Local Governments’ Audit having been completed by the 1<sup>st</sup> March 2019.

2 Audit Reports signed off to date were Qualified Audit Reports

The full take up of Local Governments will be done by 2020/2021.

The OAG reported that 24 Councils had Adverse Trends.

The Auditor General did not provide any advice to those Councils on how to address the reported Adverse Trends.

Mr Godwin commented that in the Shire of Brookton's case in this first year, the Auditor General's Staff were in attendance at the Shire for 2 weeks and such a timeframe in each Council is not sustainable. Additional Audit Staff are being recruited by the OAG.

Currently OAG will audit 10% of Council "in house" and 90% of the Councils will be audited by Contracted Audit Firms such as Moore Stephens.

Discussion ensued on the anticipated significant increase in Audit Costs in the order of 25 to 50% over previous Audit Costs.

Mr Godwin did confirm that Moore Stephens have a current Audit Contract with Council which limits Council's exposure to the increasing Audit Fees during the term of the Contract.

The Auditor General is requiring that there be 2 Meetings between the Auditor and the Audit & Risk Committee each year.

Firstly, the Pre Audit Meeting held prior to the Interim Audit Visit.

The CEO commented that the Interim Audit is scheduled for the 8<sup>th</sup> – 10<sup>th</sup> May 2019

Provisional date for the Pre-Audit Meeting is Monday 6<sup>th</sup> May 2019

The Audit Strategy document will be circulated by Moore Stephens, once it is finalised.

There will be a mandatory Exit meeting with the Audit & Risk Committee as part of the Final Audit Visit of the year.

Areas of more Audit attention required by the OAG include: -

- More detailed Audit on Journal entries
- Interest Earned on Trust Funds
- Valuations (Consistency of Approach) especially in regard to Restricted Use Land

Further comments on: -

Additional Audit Costs incurred in some Councils, due to the Council Financial Statements not being ready for the Audit.

Additional Costs also due Audit Partners having to prepare for the additional Meetings.

5.48pm

There being no further discussions with Council's Auditor, Mr Godwin, the telephone meeting concluded.

The Committee returned to the Council Chambers.

## ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

---

### 5.1 Confirmation of Minutes – 11<sup>th</sup> December 2018

#### **RECOMMENDATION AR14-18/19**

#### **MOVED Cr Stacey SECONDED Cr Davies**

That the Minutes of the Audit & Risk Committee Meeting held on the 11<sup>th</sup> December 2018 be confirmed as a true and accurate record. (Attached)

**RECOMMENDATION CARRIED 6/0**

### 5.2 Business Arising

The Chief Executive Officer provided a brief report on the in house Procurement Training provided by WALGA in January with all Staff in attendance benefitting from the Course and implementing many new templates and processes.

## ITEM 6 STANDING ITEMS – EXTERNAL AUDIT (CONTINUED)

### 6.2 Responses to Audit Management Letter

<b>Meeting Date</b>	12 <sup>th</sup> March 2018
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	EMCS Nathan Gilfellon
<b>Attachments</b>	6.2.1 2018 Management Report
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil.

#### OFFICER RECOMMENDATION

**That the Audit and Risk Committee Recommend to Council that: -**

**Council consider the strategies presented in their preparation of the 2019/20 Annual Budget.**

**VOTING REQUIREMENTS – Simple Majority**

#### **RECOMMENDATION: AR15-18/19**

#### **MOVED Cr Davies SECONDED Cr Smith**

That the Audit and Risk Committee Recommend to Council that: -

Council consider the Strategies (but not limited to), as presented in the Report, in the preparation of the 2019/20 Annual Budget.

**RECOMMENDATION CARRIED 6/0**

#### **IN BRIEF**

- The Management Letter received by the Auditor, highlighted the Operating Ratio and the lack of a Disaster Recovery Program as key issues arising from the Audit.
- Staff have listed strategies for Council to consider in the next Annual Budget process.

#### **MATTER FOR CONSIDERATION**

Issues raised in the 2018 Management Letter and Strategies to be considered in the next Annual Budget.

#### **BACKGROUND**

In the Audit and Risk Committee Terms of Reference 7.7 External Audit (g), the Audit and Risk Committee is to review the report to the Chief Executive Officer and Management's response to the External Auditor's findings and recommendations.

On the 10<sup>th</sup> December 2018 Shire Auditor Greg Godwin presented his Audit Report and Management Letter to Shire President Wayne Davies and a copy to Chief Executive Officer.

#### **STATUTORY ENVIRONMENT**

Local Government Act 1995 Section 7.12A (2) & (3).

## POLICY IMPLICATIONS

Audit and Risk Committee Terms of Reference 7.7 External Audit (h), the Audit and Risk Committee is to review the report to the Chief Executive Officer and management's response to the External auditor's findings and recommendations.

## FINANCIAL IMPLICATIONS

No direct financial implications, however each strategy will have an impact on future years if undertaken.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

**Governance Objective: Strong governance and community engagement**

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

## COMMUNITY CONSULTATION

N/A

## RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating is considered as Low Risk. Strategies identified are to improve the financial position of the Shire.

Health – Risk Matrix Rating is considered as Low Risk.

Reputation – Risk Matrix Rating is considered as Low Risk.

Operation – Risk Matrix Rating considered Low Risk. Some strategies may have an impact on operations if undertaken.

Natural Environment – Risk Matrix Rating is considered as Low Risk.

## COMMENT

Following the Audit of the 2017/18 Financial Statements and the issues raised in the Auditor's Management Letter, Executive Staff have prepared the below strategies for consideration by the Committee and Council.

## Operating Surplus

1. Council to explore business activities but only where a robust business plan has been developed with a view to maximise returns.
2. Council to explore operating grants that fund their current operations and in regard to services that are funded by operating grants, that these services only be delivered in line with their funding.
3. Council set a rate increase at a percentage above the 'business as usual' rate with a view of decreasing the operational deficit.
4. Council to charge full cost recovery on Fees and Charges where considered fair and equitable.
5. Council will only consider subsidies and concessions where there are sound and consistent reasons to do so.
6. Council to review current accounting and payroll procedures to allocate and budget employee costs to capital works where able to in regards to the AASB Standards.

Noted that a review of the Employee on Costs is undertaken each year.

7. Council to review current services and service levels of operations with a view to reduce services in order to achieve operational savings.

8. Council to focus on capital projects and capital grants that reduce operating expenditure or create operational efficiencies.
9. Council improve year to date budgeting and budget monitoring processes to better understand and manage operational trends.
10. Council not to use Debt unless to create income producing assets.
11. Greater Control on Debt Recovery

It is to be noted that while the operating surplus is currently in the negative, it has improved on the previous year. Also to be noted is a large decrease in the Valuation of the Roads that will decrease depreciation, decrease operating expenses and will have a large impact on the Financial Ratios.

### **Disaster Recovery Program**

Council has already identified a need for a Disaster Recovery Program as part of the Focus Networks IT Audit which is to be presented to Council as a consideration in the 2019/20 budget.

The Chief Executive Officer confirmed that all Journals are authorised and signed by a Senior Officer prior to them being actioned.

## ITEM 7      STANDING ITEMS – INTERNAL AUDIT

---

### *Audit & Risk Committee - Terms of Reference 7.5*

#### **7.1 Statutory Compliance Audit Return**

<b>Meeting Date</b>	12 <sup>th</sup> March 2019
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	CEO Graeme Fardon
<b>Attachments</b>	Compliance Audit Return 2018
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil.

#### **RECOMMENDATION: AR16-18/19**

#### **MOVED Cr Smith SECONDED Cr Stacey**

That the Audit and Risk Committee recommend to Council that: -

The Statutory Compliance Audit Return for the period 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 be adopted by Council.

**RECOMMENDATION CARRIED 6/0**

#### **IN BRIEF**

- High Level of Compliance observed.
- N/A Responses indicate that the particular Compliance Requirement was not actioned or required during the Year under Review.
- All Audit and Financial Management Compliance was completed within the Statutory timeframes.
- Question 5 of the Integrated Planning Section highlighted the need (as planned by Council) to review all Asset Plans.
- Question 7 of the Integrated Planning Section highlighted the current implementation work being undertaken on the Workforce Plan.

#### **MATTER FOR CONSIDERATION**

Consideration of the Statutory Compliance Audit Return for the year ended 31<sup>st</sup> December 2018.

#### **BACKGROUND**

Council is required to undertake a Compliance Audit, via the Statutory Compliance Return provided by the Department of Local Government each year.

The Chief Executive Officer has completed the Draft Compliance Return for Committee's consideration and Recommendation to Council.

Compliance Return comprises of Questions in the following Areas of Activity: -

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting



- Local Government Employees
- Official Conduct
- Tenders for Providing Good & Services

## STATUTORY ENVIRONMENT

### Local Government (Audit) Regulations 1996

#### 14. Compliance Audits by Local Governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be: -
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

#### 15. Compliance Audit Return, Certified Copy of etc. to be given to Executive Director

1. (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with: -
  - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
  - (b) any additional information explaining or qualifying the compliance audit.
2. Is to be submitted to the Executive Director by 31st March next following the period to which the return relates.
3. (2) In this regulation: -
 

**certified** in relation to a compliance audit return means signed by: -

  - (a) the mayor or president; and
  - (b) the CEO.

## POLICY IMPLICATIONS

N/A.

## FINANCIAL IMPLICATIONS

Nil - Financial implications in 2018/19, as Statutory Compliance Return has been completed internally and online by the Chief Executive Officer following a review of Council's Processes and Practices for the 2018 Calendar Year.

The Statutory Compliance Return is to be presented to the Audit & Risk Committee and then Report by Recommendation to Council at the March 2019 Ordinary Council Meeting.

Council is required to submit the Signed (Shire President and Chief Executive Officer) Statutory Compliance Return and relevant Council Minutes to the Director General of the Department of Local Government by the 31<sup>st</sup> March 2019.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability
G4	Sound Organisation
G4.1	Maintain sustainability ratios at or above basic level
G4.2	Increase non-rates revenue generation
G4.3	Ensure optimum organisational capacity and efficiency

### COMMUNITY CONSULTATION

N/A

### RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Risk is mitigated through ongoing review and monitoring of Council's Management & Compliance Procedures and Processes.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low.

Operation – Risk Matrix Rating is assessed as Low. Compliance undertaken as part of Council's day to day operations.

Natural Environment – Risk Matrix Rating is assessed as Low.

### COMMENT

The Chief Executive Officer has reviewed the organisation's Procedures, Processes and Actions for the 2018 Calendar Year and prepared the Statutory Compliance Return for consideration by the Audit & Risk Committee and Recommendation to Council.

## ITEM 8      STANDING ITEMS – FINANCIAL REPORTING

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### **8.1      WANDRRA**

The Report on the Outstanding WANDRRA Claims as at the 28<sup>th</sup> March 2019 were noted and the Chief Executive Officer provided further information on the finalisation of the on ground Works on this Project.

## 8.2 Medical Practice Comparison Report

<b>Meeting Date</b>	12 <sup>th</sup> March 2018
<b>Responsible Officer</b>	EMCS Nathan Giffellon
<b>Reporting Officer</b>	EMCS Nathan Giffellon
<b>Attachments</b>	8.2.1 Medical Practice Long Term Financial and Patient Number Comparison
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil.

### OFFICER RECOMMENDATION

That the Risk and Audit Committee Recommend to Council that: -

The Medical Practice Financial Statements and Patient Visitation Data (with historical data and trends) be received.

**VOTING REQUIREMENTS** – Simple Majority

#### RECOMMENDATION: AR17-18/19

#### MOVED Cr McRae SECONDED Cr Brown

That the Risk and Audit Committee Recommend to Council that: -

1. The Medical Practice Financial Statements and Patient Visitation Data (with historical data and trends) be received, and
2. The Findings contained in the Report be incorporated into the negotiation process for a new Contract.

**RECOMMENDATION CARRIED 6/0**

#### Reason for Variation to Officer's Recommendation

Inclusion of Findings in the Report in future Contract negotiations.

#### IN BRIEF

- Council owns and operates the Quairading Medical Practice.
- GP Clinical Services are provided under a Contract Arrangement.
- Council's provide an Annual Budget Provisions for the Operation of the Medical Practice.
- Council receives all Revenue associated with the Medical Practice.
- The six (6) monthly reviews by the Audit and Risk Committee will ensure an additional level of scrutiny and a process to monitor trends.
- Financial and Patient Visitation Information beyond the last 3.5 years have been added to provide greater context to the trends.
- The patient's figures have been included to add additional information.

## MATTER FOR CONSIDERATION

Medical Practice Financial and Patient Visitation Number Comparisons for the last four (4) financial years and the first six months of the 2018/19 year.

## BACKGROUND

At the February 2018 Ordinary Meeting, Council directed that the Deputy Chief Executive Officer provide the Audit and Risk Committee with detailed financial records on the Medical Practice income and expenditure on a six (6) monthly basis for the last 3 years.

The analysis is designed to identify any noticeable trends for the Medical Practice and strategies that could be utilised to reduce Council's financial exposure and risk in this Activity Area.

In the December 2018 Audit and Risk Meeting, the dates of reporting have been shifted to the closest Committee meeting after the end of each six-month period.

## STATUTORY ENVIRONMENT

Nil.

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

Council has budgeted for an Operating Shortfall of \$165,000. This Shortfall is funded through Council's General Revenue.

The Operating Shortfall as at 31<sup>st</sup> December 2018 is \$129,592.

The Budget Review Process in February and March has identified a projected reduction of \$36K in the Budgeted Operating Expenditure but also a larger projected reduction in Operating Income (Government Grants & Subsidies of \$72.5K and Consultation Fees of \$16.5K).

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S2	Healthy community
S2.1	Advocate on behalf of the community for improved access to health
S2.2	Promote public health

### Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

## COMMUNITY CONSULTATION

The Medical Practice and Health Services in general was identified as a High Priority in Council's Community Engagement Process (March 2017).

## RISK ASSESSMENT

Financial – Risk Matrix Rating is considered as Medium Risk. Risk level assessed due to the withdrawal of various Grant / Subsidy Programs previously included in the Practice Income and the ongoing trend of an increasing Operating Shortfall.

Health – Risk Matrix Rating is considered as Low Risk. Public Health Risk will escalate for the Community if the Medical Practice (with GP's) is not operating in a sustainable and effective manner.

Reputation – Risk Matrix Rating is considered as Low Risk. Heightened risk identified as Community expectation of a continuing Medical Service in the District is High. Reputational Risk if Medical Practice / GP availability is not maintained.

Operation – Risk Matrix Rating considered Low Risk. Operation of the Medical Practice and GP Contractor Model is incorporated into Council's operations and budgets. Further Monitoring and Liaising role through Council's Medical Executive Committee.

Natural Environment – Risk Matrix Rating is considered as Low Risk.

## **COMMENT**

There is an increasing trend in the operating shortfall of the Medical Practice evident in the first half of the 2018/19 financial year as shown in the attached Medical Practice Income and Expenditure Long Term Comparison.

The attached patient's analysis has been extrapolated to a full year based on the year to January figures and shows a decrease in the level of patients and the income received (income achieved includes Consultation fees and Government Grants and Subsidies for operation).

Operating Expenditure has been closely monitored by the Practice Manager/s during the past 6 months and is within Operating Budget.

Practice Nurse has been on Parental Leave for the year to date and correspondingly Practice Nurse Incentive Program (PNIP) income has not been received.

Also included with this Report is the Patient/Income Analysis on a Monthly basis from July 2018 to January 2019. This reflects that the average number of Patients seen per month is 405 Billable Patients (both at the Surgery and the Hospital). The 12-year Average for Patients seen per Month is 475 Patients and 4-year Average is 448 Patients per Month.

Over the 12 years there has been a steady overall population (est.1020 Persons) but with an increasingly Ageing Community and a community with many on Welfare / Pension Benefits.

Further strategies for the future could include longer Consulting hours, but this would need to be discussed in a future GP Model.

To counter the loss of Grants / Incentive Funding, Rural Health West have advised of several Funding Pools which have been recently rebadged or launched and they are being researched to ascertain whether the Practice and Dr Adeleye are eligible for these Income Sources.

These Programs include: -

- General Practice Rural Incentive Payment (GPRIP)
- Practice Incentive Payments (PIP's)
- Country Health Innovation (CHI)

Note that the Practice Nurse Incentive Program (PNIP) and the GP Rural Incentives Program (GPRIP) will be transitioned to the Workforce Incentive Program effective 1<sup>st</sup> July 2019. The Medical practice is already registered for the PNIP Stream of this Funding.

### 8.3 March 2019 Budget Review

<b>Meeting Date</b>	12 <sup>th</sup> March 2018
<b>Responsible Officer</b>	EMCS Nathan Gilfellon
<b>Reporting Officer</b>	EMCS Nathan Gilfellon
<b>Attachments</b>	8.3.1 March 2019 Budget Review
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil.

#### OFFICER RECOMMENDATION

**That the Risk and Audit Committee Recommend to Council that: -**

**That Council adopt the March 2019 Budget Review Report and adopt the Variations to Budget as detailed in attachment 8.3.1 – March 2019 Budget Review.**

**VOTING REQUIREMENTS – Simple Majority**

#### **RECOMMENDATION: AR18-18/19**

#### **MOVED Cr Smith SECONDED Cr McRae**

That the Risk and Audit Committee recommend to Council that: -

1. Council adopt the March 2019 Budget Review Report and adopt the Variations to Budget as detailed in attachment 8.3.1 – March 2019 Budget Review, and
2. The authorised Grant re-classification and updated Year to Date figures be incorporated into the Budget Review Report for presentation to Council.

**RECOMMENDATION CARRIED 6/0**

#### **Reason for Variation to Officer's Recommendation**

At the request of the Reporting Officer the second Part of the Recommendation was included.

#### **IN BRIEF**

Following a Budget Review Workshop on the 20<sup>th</sup> February 2019 the March Budget Review and Budget Variations has been submitted.

#### **MATTER FOR CONSIDERATION**

Statutory Budget Review Report and Supporting Summary of Major Budget Variations

#### **BACKGROUND**

Council is required to conduct a Budget Review between 1st January and 31st March each Financial Year and to submit the Review Report and relevant Council Minutes to the Department of Local Government within 30 days of Council's Determination.

This year Council also undertook a November Budget Review that has reduced the burden to this budget review.

## STATUTORY ENVIRONMENT

### Local Government Act 1995 Section 6.2

### Local Government (Financial Management) Regulations 1996

#### 33A. Review of budget

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must: -
  - (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
  - (b) consider the local government's financial position as at the date of the review; and
  - (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

\*Absolute majority required.

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

The Budget Variations are detailed in this report.

These will change the Budgeted closing surplus to \$50,432 from the current surplus of \$34,327.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

**Governance Objective: Strong governance and community engagement**

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability
G4	Sound Organisation
G4.1	Maintain sustainability ratios at or above basic level
G4.2	Increase non-rates revenue generation
G4.3	Ensure optimum organisational capacity and efficiency

## COMMUNITY CONSULTATION

Nil.



## **RISK ASSESSMENT**

Financial – Risk Matrix Rating considered Low Risk. Review process mitigates the financial variability (risk) of Council Financial Position as a result of the review of the actual Outcomes of Council's Operations and Projects undertaken Year to Date.

Health – Risk Matrix Rating considered Low Risk.

Reputation – Risk Matrix Rating considered Low Risk.

Operation – Risk Matrix Rating considered Low Risk. Adopted Review provides for sufficient Funding to enable the continuation of Council's Activities and Projects.

Natural Environment – Risk Matrix Rating considered Low Risk.

## **COMMENT**

An Annual Budget Review is a statutory requirement however, is also part of Best Practice.

Officers conducted two budget workshops, the first with senior officers and the second with Councillors and senior officers in attendance. Variations to the budget have been outlined in the attached budget review report and are now recommended to this Committee.

**SHIRE OF QUAIRADING  
BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

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**SHIRE OF QUAIRADING**  
**STATEMENT OF BUDGET REVIEW**  
**(NATURE OR TYPE)**  
**FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

Note	Budget v Actual		Predicted		
	Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)
	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Net current assets at start of financial year surplus/(deficit)	1,839,098	1,634,796	(204,302)		1,634,796 ▼
<b>Revenue from operating activities (excluding rates)</b>					
Operating grants, subsidies and contributions	4,309,459	916,400	(3,137,276)		1,172,183 ▼
Profit on asset disposals 4.1.1	15,358	0			15,358 ▲
Fees and charges 4.1.2	1,149,903	716,561	7,500		1,157,403 ▲
Interest earnings 4.1.7	94,444	65,804			94,444 ▲
Other revenue 4.1.8	281,081	2,534,774	3,009,369		3,290,450 ▲
	5,850,245	4,233,539	(120,407)	0	5,729,838
<b>Expenditure from operating activities</b>					
Employee costs 4.2.1	(2,296,150)	(1,485,018)	71,269		(2,224,881) ▼
Materials and contracts	(4,789,952)	(3,303,190)	(4,824)		(4,794,776) ▲
Utility charges 4.2.3	(221,056)	(161,813)	(25,000)		(246,056) ▲
Depreciation on non-current assets	(3,373,211)	(1,284,858)	1,217,331		(2,155,880) ▼
Interest expenses	(28,228)	(9,289)	10,000		(18,228) ▼
Insurance expenses	(202,444)	(148,150)			(202,444) ▼
Loss on asset disposals 4.2.6	(5,656)	(13,882)			(5,656) ▼
Other expenditure 4.2.7	(105,030)	(123,672)	314		(104,716) ▼
	(11,021,728)	(6,529,872)	1,269,090	0	(9,752,638)
<b>Operating activities excluded from budget</b>					
Depreciation on assets	3,373,211	1,284,858	(1,217,331)		2,155,880 ▼
(Profit)/loss on asset disposal 4.4.3	(9,702)	13,882			(9,702) ▼
Adjust provisions and accruals	0	(6,938)			0 ▼
<b>Amount attributable to operating activities</b>	<b>31,124</b>	<b>630,265</b>	<b>(272,950)</b>	<b>0</b>	<b>(241,826)</b>
<b>INVESTING ACTIVITIES</b>					
Non-operating grants, subsidies and contributions 4.1.3	683,780	357,833	40,000		723,780 ▲
Purchase land and buildings	(711,964)	(147,697)	96,350	10,450	(605,164) ▼
Purchase plant and equipment	(590,700)	(37,235)	32,561		(558,139) ▼
Purchase and construction of infrastructure-roads	(1,639,967)	(901,012)			(1,639,967) ▼
Purchase and construction of infrastructure-other	(560,340)	(54,695)	15,000	217,255	(328,085) ▼
Proceeds from disposal of assets	192,000	29,774	(6,818)		185,182 ▼
<b>Amount attributable to investing activities</b>	<b>(2,627,191)</b>	<b>(753,032)</b>	<b>177,093</b>	<b>227,705</b>	<b>(2,222,393)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from new borrowings	150,000	0			150,000 ▼
Proceeds from self supporting loans	34,572	35,772			34,572 ▼
Transfers to cash backed reserves (restricted assets)	(463,900)	(447,871)			(463,900) ▼
Repayment of debentures	(85,199)	(57,680)			(85,199) ▼
Transfers from cash backed reserves (restricted assets)	783,867	50,000	(115,743)		668,124 ▲
<b>Amount attributable to financing activities</b>	<b>419,340</b>	<b>(419,779)</b>	<b>(115,743)</b>	<b>0</b>	<b>303,597</b>
<b>Budget deficiency before general rates</b>	<b>(2,176,727)</b>	<b>(542,546)</b>	<b>(211,600)</b>	<b>227,705</b>	<b>(2,160,622)</b>
<b>Estimated amount to be raised from general rates</b>	<b>2,211,054</b>	<b>2,209,166</b>			<b>2,211,054</b>
<b>Closing funding surplus(deficit)</b>	<b>34,327</b>	<b>1,666,620</b>	<b>(211,600)</b>	<b>227,705</b>	<b>50,432</b> ▲

**SHIRE OF QUAIRADING**  
**STATEMENT OF BUDGET REVIEW**  
**FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

Note	Budget v Actual		Predicted			Material Variance
	Adopted Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)	
	\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>						
Net current assets at start of financial year surplus/(deficit)	1,839,098	1,634,796	(204,302)		1,634,796	▼
<b>Revenue from operating activities (excluding rates)</b>						
Governance	16,076	10,747			16,076	
General purpose funding	969,927	722,052			969,927	
Law, order, public safety	188,450	105,851	9,593		198,043	▲
Health	456,258	245,171	(89,000)		367,258	▼
Education and welfare	186,798	115,098			186,798	
Housing	109,576	68,190			109,576	
Community amenities	204,725	150,399	(3,500)		201,225	▼
Recreation and culture	278,539	22,999			278,539	
Transport	3,020,996	2,410,428			3,020,996	
Economic services	128,180	153,860	33,000		161,180	▲
Other property and services	290,720	228,744	(30,500)		260,220	▼
	5,850,245	4,233,539	(80,407)	0	5,769,838	
<b>Expenditure from operating activities</b>						
Governance	(709,875)	(471,314)	12,609		(697,266)	▼
General purpose funding	(99,288)	(42,976)	10,000		(89,288)	▼
Law, order, public safety	(342,832)	(215,581)			(342,832)	
Health	(715,529)	(448,501)	55,000		(660,529)	▼
Education and welfare	(301,663)	(192,617)	(10,000)		(311,663)	▲
Housing	(243,041)	(135,196)			(243,041)	
Community amenities	(529,451)	(279,135)	16,814		(512,637)	▼
Recreation and culture	(890,436)	(628,755)	(11,500)		(901,936)	▲
Transport	(6,340,397)	(3,479,016)	1,217,331		(5,123,066)	▼
Economic services	(609,950)	(324,254)	(30,000)		(639,950)	▲
Other property and services	(239,266)	(312,527)	8,836		(230,430)	▼
	(11,021,728)	(6,529,872)	1,269,090	0	(9,752,638)	
<b>Operating activities excluded from budget</b>						
Depreciation on assets	3,373,211	1,284,858	(1,217,331)		2,155,880	▼
Adjust (Profit)/Loss on Asset Disposal	(9,702)	13,882			(9,702)	
Adjust Provisions and Accruals	0	(6,938)			0	
<b>Amount attributable to operating activities</b>	31,124	630,265	(232,950)	0	(201,826)	
<b>INVESTING ACTIVITIES</b>						
Non-operating grants, subsidies and contributions	683,780	357,833			683,780	
Purchase land and buildings	(711,964)	(147,697)	96,350	10,450	(605,164)	▼
Purchase plant and equipment	(590,700)	(37,235)	32,561		(558,139)	▼
Purchase and construction of infrastructure - roads	(1,639,967)	(901,012)			(1,639,967)	
Purchase and construction of infrastructure - other	(560,340)	(54,695)	15,000	217,255	(328,085)	▼
Proceeds from disposal of assets	192,000	29,774	(6,818)		185,182	▼
<b>Amount attributable to investing activities</b>	(2,627,191)	(753,032)	137,093	227,705	(2,262,393)	
<b>FINANCING ACTIVITIES</b>						
Repayment of borrowings	(85,199)	(57,680)			(85,199)	
Proceeds from new borrowings	150,000				150,000	
Proceeds from self supporting loans	34,572	35,772			34,572	
Transfers to cash backed reserves (restricted assets)	(463,900)	(447,871)			(463,900)	
Transfers from cash backed reserves (restricted assets)	783,867	50,000	(115,743)		668,124	▼
<b>Amount attributable to financing activities</b>	419,340	(419,779)	(115,743)	0	303,597	
<b>Budget deficiency before general rates</b>	(2,176,727)	(542,546)	(211,600)	227,705	(2,160,622)	
<b>Estimated amount to be raised from general rates</b>	2,211,054	2,209,166			2,211,054	
<b>Closing Funding Surplus(Deficit)</b>	<b>34,327</b>	<b>1,666,620</b>	<b>(211,600)</b>	<b>227,705</b>	<b>50,432</b>	<b>▲</b>

**SHIRE OF QUAIRADING**  
**NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT**  
**FOR THE YEAR ENDED 28 FEBRUARY 2019**

## 1. BASIS OF PREPARATION

The budget review report has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget review report are presented below and have been consistently applied unless stated otherwise.

The report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### **THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire of Quairading controls resources to carry on its functions have been included in the financial statements forming part of this budget review.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### **2018/19 ACTUAL BALANCES**

Balances shown in this budget review report as 2018/2019 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

### **ROUNDING OFF FIGURES**

All figures shown in this budget review report are rounded to the nearest dollar.

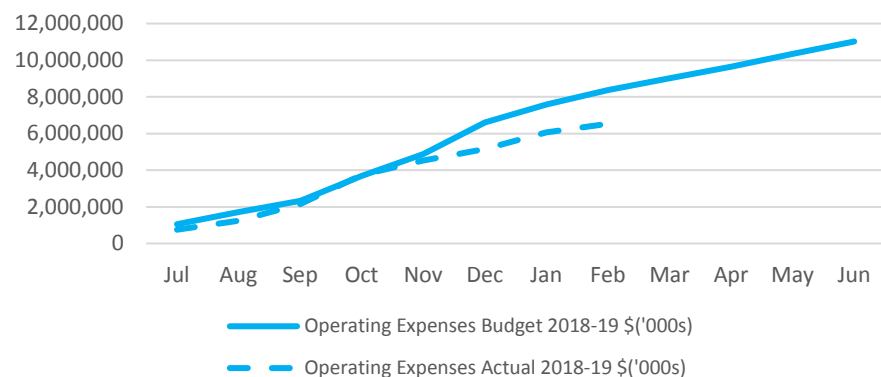
### **BUDGET COMPARATIVE FIGURES**

Unless otherwise stated, the budget comparative figures shown in this budget review report relate to the original budget estimate for the relevant item of disclosure.

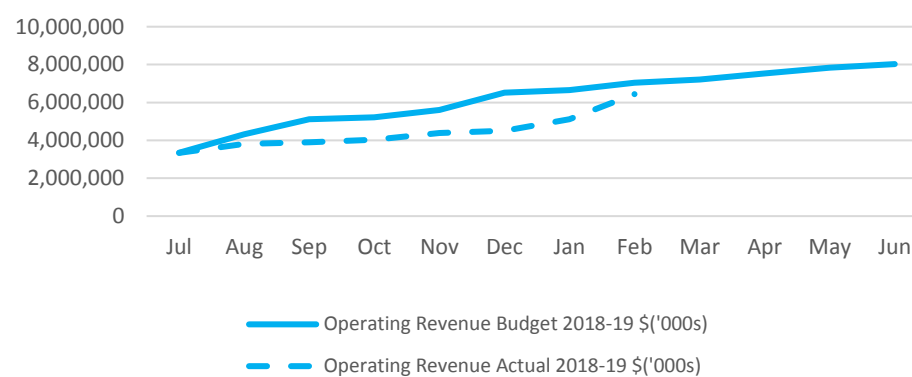
**SHIRE OF QUAIRADING  
SUMMARY GRAPHS - BUDGET REVIEW  
FOR THE PERIOD ENDED FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**2. SUMMARY GRAPHS - BUDGET REVIEW**

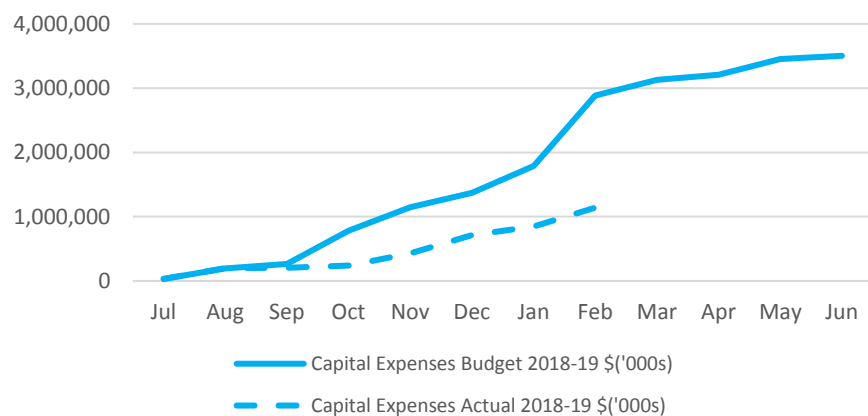
**Operating Expenses**



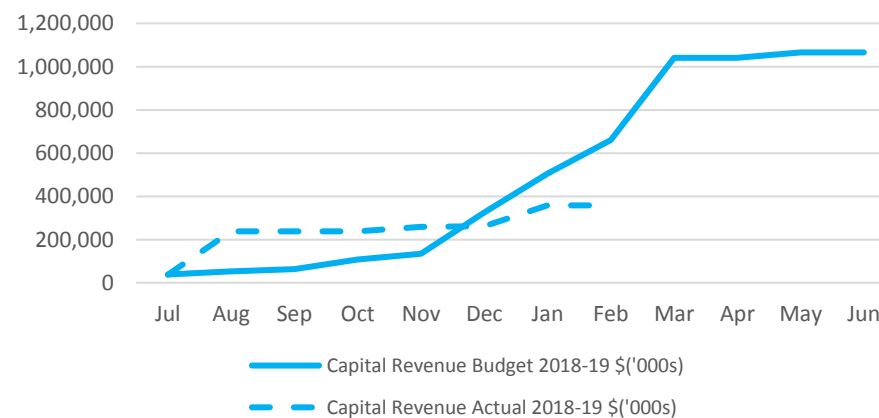
**Operating Revenue**



**Capital Expenditure**



**Capital Revenue**



This information is to be read in conjunction with the accompanying financial statements and notes.

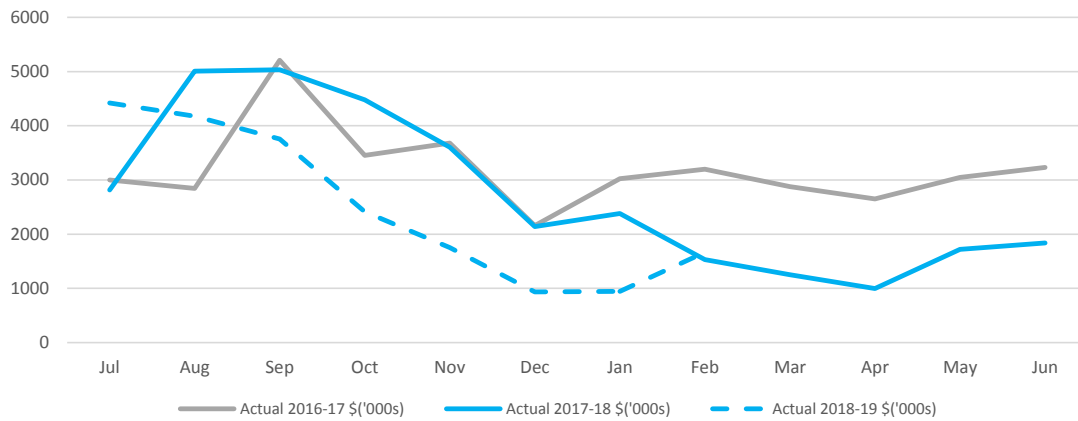
**SHIRE OF QUAIRADING  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**3. NET CURRENT FUNDING POSITION**

Positive=Surplus (Negative=Deficit)  
**2018-19**

Note	This Period	Last Period	Same Period Last Year
	\$	\$	\$
<b>Current assets</b>			
Cash unrestricted	1,718,542	928,571	921,848
Cash restricted	2,691,245	2,691,245	2,163,212
Receivables - rates	315,026	292,036	271,299
Receivables - other	272,814	167,152	836,660
Inventories	12,026	(27,245)	7,533
	<hr/>	<hr/>	<hr/>
	5,009,653	4,051,759	4,200,552
<b>Less: current liabilities</b>			
Payables	(440,349)	(242,129)	(302,900)
Provisions & Borrowing	(414,702)	(424,077)	(396,269)
	<hr/>	<hr/>	<hr/>
	(855,051)	(666,206)	(699,169)
Less: cash restricted	(2,691,245)	(2,691,245)	(2,163,212)
Add: Provision - Employee and Loan Liability	203,263	230,857	190,693
<b>Net current funding position</b>	<hr/>	<hr/>	<hr/>
	1,666,620	925,165	1,528,864

**Liquidity Over the Year**



**SHIRE OF QUAIRADING  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**3. COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 Net Current Assets of the budget.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**INVENTORIES**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Quairading's operational cycle. In the case of liabilities where the Shire of Quairading does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire of Quairading's intentions to release for sale.

**LOANS AND RECEIVABLES**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss. Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Shire of Quairading prior to the end of the financial year that are unpaid and arise when the Shire of Quairading becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**EMPLOYEE BENEFITS**

**Short-Term Employee Benefits**

Provision is made for the Shire of Quairading's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Quairading's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current of financial trade and other payables in the statement position. Shire of Quairading's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**PROVISIONS**

Provisions are recognised when the Shire of Quairading has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Quairading obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.



**SHIRE OF QUAIRADING**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**4. PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
<b>4.1 OPERATING REVENUE (EXCLUDING RATES)</b>		
<b>4.1.1 PROFIT ON ASSET DISPOSAL</b>		
No Material Variance		
<b>4.1.2 FEES AND CHARGES</b>		
Medical Practice Income - HIC, PNIG, SiHi (\$67,500 Grants not attracted), Consultations (Private and Bulk Billed) down \$16,500, VMP indexing - reduced by \$5,000	(89,000)	
Landfill Site - Increase of expected charges	3,000	
Town Planning Fees - Reduction of expected fees	(1,500)	
Community Bus Operating Income - Reduction of expected fees	(3,500)	
Building Permits - Reduction of expected fees	(2,000)	
Standpipes - Increase in fees charged due to roadworks	25,000	
Private Works Income - Electrician - Reduction of expected fees	(30,500)	
<b>4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
Grants ESL - Extra Quarter expected this year	9,593	
Tourist Signage Grant Successful	10,000	
<b>4.1.7 INTEREST EARNINGS</b>		
No Material Variance		
<b>4.1.8 OTHER REVENUE</b>		
Reimbursement Tennis Club Utilities	(1,500)	
	Predicted Variances Carried Forward	(80,407)
	Predicted Variances Brought Forward	(80,407)
<b>4.2 OPERATING EXPENSES</b>		
<b>4.2.1 EMPLOYEE COSTS</b>		
Medical Practices Expense - Practice Nurse on leave savings \$26,000, Adjustment of Accrued Leave \$10,000 from staff changeover	36,000	
Youth Centre Building - Decrease Employee cost to Cemetery	3,000	
Cemetery - Increase Employee costs from Cemetery	(3,000)	
Private Works Electrical Contractor - Administration and Material - Adjustments to Original Budget	31,523	
Private Works Electrical Contractor - Labour Private Works - Adjustments to Original Budget	3,746	
<b>4.2.2 MATERIAL AND CONTRACTS</b>		
Conferences Members = Savings from attendance of Local Government Week	8,000	
Members -Other Expenditure - Reduction of \$5,000 Consulting, Remove 8,000 Advertising for Meetings Local Laws	13,000	
Member - Advertising - Four Tenders to Call this Year	(5,000)	
Audit fees and Accounting Support - Monthly Reporting Template to be created by Staff	10,000	
Other Labour/ Relief Staff - Increase due to actual expenses	(13,391)	
Medical Practices Expense - \$16,000 Surgery Closed during Holidays and when Doctor unavailable, Other Minor Savings \$3,000	19,000	
Arthur Kelly Village - Increased provision for repairs	(10,000)	
Heritage Consultancy	7,500	
Community Bus Operating Expenses - Increase based on actuals	(2,500)	
Ovals and Grounds - Additional provision for materials	(5,000)	
Fuels and Oils - Increase due to actuals	(26,433)	
<b>4.2.3 UTILITY CHARGES</b>		
Ovals and Grounds - Additional provision for Utilities	(5,000)	
Standpipes - Increase of water usage due to use in roadworks	(20,000)	
<b>4.2.4 DEPRECIATION (NON CURRENT ASSETS)</b>		
Change in Depreciation due to Road Revaluations	(1,217,331)	
<b>4.2.4 INTEREST EXPENSES</b>		
Interest on Overdrafts - Not used and not expected to be used	10,000	
<b>4.2.5 INSURANCE EXPENSES</b>		
No Material Variance		
<b>4.2.6 LOSS ON ASSET DISPOSAL</b>		
No Material Variance		
<b>4.2.7 OTHER EXPENDITURE</b>		
NRM Community Grant - Community Connecting Corridors reduced	10,314	
Contribution to Quairading Rainmakers Public Artwork	(10,000)	
	Predicted Variances Carried Forward	(1,245,979)
		0

**SHIRE OF QUAIRADING**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**4. PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	(1,245,979)	0
<b>4.3 CAPITAL REVENUE</b>		
<b>4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
No Material Variance		
<b>4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS</b>		
Proceeds of Sale of Light Vehicle	(6,818)	
<b>4.3.3 PROCEEDS FROM NEW DEBENTURES</b>		
No Material Variance		
<b>4.3.4 PROCEEDS FROM SALE OF INVESTMENT</b>		
No Material Variance		
<b>4.3.5 PROCEEDS FROM ADVANCES</b>		
No Material Variance		
<b>4.3.6 SELF-SUPPORTING LOAN PRINCIPAL</b>		
No Material Variance		
<b>4.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)</b>		
No Material Variance		
Predicted Variances Carried Forward	(1,252,797)	0
Predicted Variances Brought Forward	(1,252,797)	0
<b>4.4 CAPITAL EXPENSES</b>		
<b>4.4.1 LAND HELD FOR RESALE</b>		
No Material Variance		
<b>4.4.2 LAND AND BUILDINGS</b>		
64 Coraling St Roof Restoration - Removed in favour of Roof Replacement in 2019/20		10,450
Park Cottages - Expected savings from Cottage Project	90,000	
Works Depot - Savings from Apron of Building	6,350	
<b>4.4.3 PLANT AND EQUIPMENT</b>		
Q190 - EMWS Vehicle	2,765	
Q3856 - Spray Ute	8,636	
Q465 - Shared Works Ute	5,929	
Q551 - Team Leader Crew Cab	4,364	
Q633 - Excavator Ute	8,182	
Q661 - Town Gdn Ute	2,684	
<b>4.4.4 FURNITURE AND EQUIPMENT</b>		
No Material Variance		
<b>4.4.5 INFRASTRUCTURE ASSETS - ROADS</b>		
No Material Variance		
<b>4.4.6 INFRASTRUCTURE ASSETS - OTHER</b>		
Removal of New Lighting Quairading Lighting - To proceed in 2019/20		207,255
Hall Car Park Upgrade - Savings from Design of Carpark	15,000	
Winches For Swimming Pool Poles - Expected in 2019/20		10,000
<b>4.4.7 PURCHASES OF INVESTMENT</b>		
No Material Variance		
<b>4.4.8 REPAYMENT OF DEBENTURES</b>		
No Material Variance		
<b>4.4.9 ADVANCES TO COMMUNITY GROUPS</b>		
No Material Variance		
Predicted Variances Carried Forward	(1,108,886)	227,705

**SHIRE OF QUAIRADING**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**4. PREDICTED VARIANCES**

**Comments/Reason for Variance**

	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	(1,108,886)	227,705
<b>4.5 OTHER ITEMS</b>		
<b>4.5.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)</b>		
No Material Variance		
<b>4.5.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)</b>		
Funds from Plant reserve	(25,743)	
Funds from Building Reserve not needed due to savings from Park Cottages	(90,000)	
<b>4.5.1 RATE REVENUE</b>		
No Material Variance		
<b>4.5.2 OPENING FUNDING SURPLUS(DEFICIT)</b>		
No Material Variance	(204,302)	
<b>4.5.3 NON-CASH WRITE BACK OF PROFIT (LOSS)</b>		
Change in Road Valuations due to Revaluations	1,217,331	
Adjustment of Nature and Type : Operating grants, subsidies and contributions	(3,156,869)	
Adjustment of Nature and Type : Non-operating grants, subsidies and contributions	40,000	
Adjustment of Nature and Type : Other revenue (WANDRRA)	2,859,397	
Adjustment of Nature and Type : Other revenue	151,472	
Adjustment of Nature and Type : Fees and charges	106,000	
<b>Total Predicted Variances as per Annual Budget Review</b>	<b>(211,600)</b>	<b>227,705</b>

**SHIRE OF QUAIRADING  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 28TH FEBRUARY 2019**

**5. BUDGET AMENDMENTS**

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
	<b>Budget Adoption</b>		Opening Surplus(Deficit)				41,805	
	Inclusion of the Profit/ Loss on the sale of Council Vehicle	95-18/19	Operating Revenue		15,358		57,163	
	Reduction in the expected income from cottages	95-18/19	Operating Revenue			6,500	50,663	
	Increase in income from sale of miscellaneous materials	95-18/19	Operating Revenue		25,000		75,663	
	Rent to be received on 8 Dall St	95-18/19	Operating Revenue		3,800		79,463	
	Increase of the Federal Assistance Grants	95-18/19	Operating Revenue		68,021		147,484	
	Increase of Main Roads Direct Grant	95-18/19	Operating Revenue		48,971		196,455	
	Bowling Club contribution to the repair of Bowling Club Lighting	95-18/19	Operating Revenue		18,750		215,205	
	Contribution to admin vehicle	95-18/19	Operating Revenue			3,800	211,405	
	Insurance received due to damages from the Bowling Green, Light Pole and removal of debris	95-18/19	Operating Revenue		220,750		432,155	
	Increase of staff costs due to pay out of leave entitlements, increase of incorrectly calculated childcare wages and increase of wages from overlap of staff during handovers due to retirements and parental leave	95-18/19	Operating Expenses			130,302	301,853	
	Decrease in the provision of leave entitlements.	95-18/19	Operating Expenses		80,000		381,853	
	It Audit - High and Medium Risk Items	95-18/19	Operating Expenses			16,667	365,186	
	Reduction in expected costs of accounting support	95-18/19	Operating Expenses		30,000		395,186	
	Shire Rebranding	95-18/19	Operating Expenses			12,500	382,686	
	Stationary as part of Shire Rebranding	95-18/19	Operating Expenses			2,600	380,086	
	Meeting local laws and advertising	95-18/19	Operating Expenses			8,000	372,086	
	Removal of debris and the removal and replacement of fencing at the bowling club	95-18/19	Operating Expenses			10,500	361,586	
	Soil contamination testing - PTA (ex valley ford)	95-18/19	Operating Expenses			10,000	351,586	
	New files for record keeping	95-18/19	Operating Expenses			1,500	350,086	
	Repair of 4 light towers at the Bowling Club	95-18/19	Operating Expenses			25,000	325,086	
	Secondary freight route project - Better regions grant application contribution	95-18/19	Operating Expenses			6,000	319,086	
	Reduction of strategic contractors in members other expenditure	95-18/19	Operating Expenses		5,000		324,086	
	Design costs for saleyard subdivision	95-18/19	Operating Expenses			20,000	304,086	
	Reduction of expected cost of loan 118 (depot) and reduced cost of new loan due to timing	95-18/19	Operating Expenses		9,133		313,219	
	Extra actual cost of ESL insurance	95-18/19	Operating Expenses			4,350	308,869	
	Loss on sale of Q190 Ford Ranger	95-18/19	Operating Expenses			5,656	303,213	
	Reduction in expected doubtful debts to match balance sheet	95-18/19	Operating Expenses		16,667		319,880	
	Contribution from the bowling Club for the new green upgrade	95-18/19	Capital Revenue		25,000		344,880	
	Contribution from the Rural Youth (in trust) for Centenary Park	95-18/19	Capital Revenue			73,500	271,380	
	Grant from Lotterywest for Centenary Park	95-18/19	Capital Revenue			75,000	196,380	
	Contribution for RSL Hall Ramps	95-18/19	Capital Revenue		15,500		211,880	
	Lotterywest grant for Old School site development	95-18/19	Capital Revenue			40,000	171,880	
	Reduction in expected proceeds from sale of Shire vehicles	95-18/19	Capital Revenue			43,000	128,880	
	RSL Hall Ramps	95-18/19	Capital Revenue			15,500	113,380	
	Depot - Final Payment (Retention money held)	95-18/19	Capital Revenue			17,250	96,130	
	Old School Site development	95-18/19	Capital Revenue		85,000		181,130	

Culvert Cleaner	95-18/19	Capital Expenses	50,000		231,130
Q3856 - Spray Ute	95-18/19	Capital Expenses	2,000		233,130
Q465 - Shared Works Ute	95-18/19	Capital Expenses		2,000	231,130
Q551 - Team Leader Crew Cab	95-18/19	Capital Expenses		2,000	229,130
Q633 - Excavator Ute	95-18/19	Capital Expenses	2,000		231,130
Q661 - Town Gdn Ute	95-18/19	Capital Expenses	5,000		236,130
New Bowling Green	95-18/19	Capital Expenses		230,000	6,130
Centenary Park moved to next year	95-18/19	Capital Expenses	225,000		231,130
Lights for Quairading Oval	95-18/19	Capital Expenses		219,000	12,130
Funds from Long Service Leave and Annual Leave to assist in the payment of leave entitlements	95-18/19	Capital Revenue	25,000		37,130
Funds from Plant reserve for increases trade in cost of plant	95-18/19	Operating Revenue	38,000		75,130
Funds from Building Reserve not needed for Old School Site in the current year	95-18/19	Operating Revenue		45,000	30,130
Funds from the Town Planning and Development Reserve to fund design costs for saleyards subdivision	95-18/19	Operating Revenue	20,000		50,130
Adjustment of Profit and Loss	95-18/19	Non Cash Item	(9,703)		40,427
Hiring of Light Trailers for Quairading Oval	136-18/19	Operating Expenses		6,100	34,327
					34,327
<b>Amended Budget Cash Position as per Council Resolution</b>			(9,703)	1,033,950	1,031,725
					34,327

ITEM 9      STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

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*No matters for consideration.*

## ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

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*Audit & Risk Committee - Terms of Reference 7.1, 7.3*

### 10.1 Report on Excess Annual Leave and Long Service Leave

<b>Meeting Date</b>	12 <sup>th</sup> March 2019
<b>Responsible Officer</b>	EMCS Nathan Giffellon
<b>Reporting Officer</b>	EMCS Nathan Giffellon
<b>Attachments</b>	Nil
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### **RESOLUTION: AR19-18/19**

#### **MOVED CR Davies SECONDED Cr McRae**

That the Audit and Risk Committee Recommend to Council that: -

Council receive the report on the Shire's Annual Leave and Long Service Leave Liabilities.

**RECOMMENDATION CARRIED 6/0**

#### **IN BRIEF**

- Information shows the current Annual and Long Service Leave for the 2018/19 Financial Year by Month
- There are no Employees with Excess Leave entitlements.

#### **MATTER FOR CONSIDERATION**

Report on Excess Annual Leave and Long Service Leave Entitlements and Leave Liabilities.

#### **BACKGROUND**

Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee.

The current policy defines excess leave is when the employee has accrued more than 8 week's paid annual leave.

#### **STATUTORY ENVIRONMENT**

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

Excess Leave is defined as per the Industry Award: -

*"An Employee has an **excess leave accrual** if the employee has accrued more than 8 week's paid annual leave"*

#### **POLICY IMPLICATIONS**

Current Policy: Leave Management Policy (ORG.2)

## FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31<sup>st</sup> January 2019 is \$200,440 and a Projected Closing Balance as at the 30<sup>th</sup> June 2019 of \$160,373

Current Leave is treated as Accruals in the Annual Budget.

Any prior year Leave entitlements taken by Staff or paid out can be funded from the Annual and Long Service Leave Reserve Fund.

The current Liability for both types of Leave (if all Claimed on 28/2/2019) is calculated at \$236,901.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

## COMMUNITY CONSULTATION

N/A

## RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefor Risk escalation, if Leave accruals are not monitored and managed.

Health – Risk Matrix Rating is considered as Low Risk.

Reputation – Risk Matrix Rating is considered as Low Risk.

Operation – Risk Matrix Rating considered Low Risk.

Natural Environment – Risk Matrix Rating is considered as Low Risk.

## COMMENT

This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As at the 28<sup>th</sup> of February 2019 there are no employees with excess annual leave.

The Chief Executive Officer has approved of One Employee's Plan to take their Long Service Leave in 3 instalments.

There are no further Employees that have reached excess Long Service Leave Liabilities.

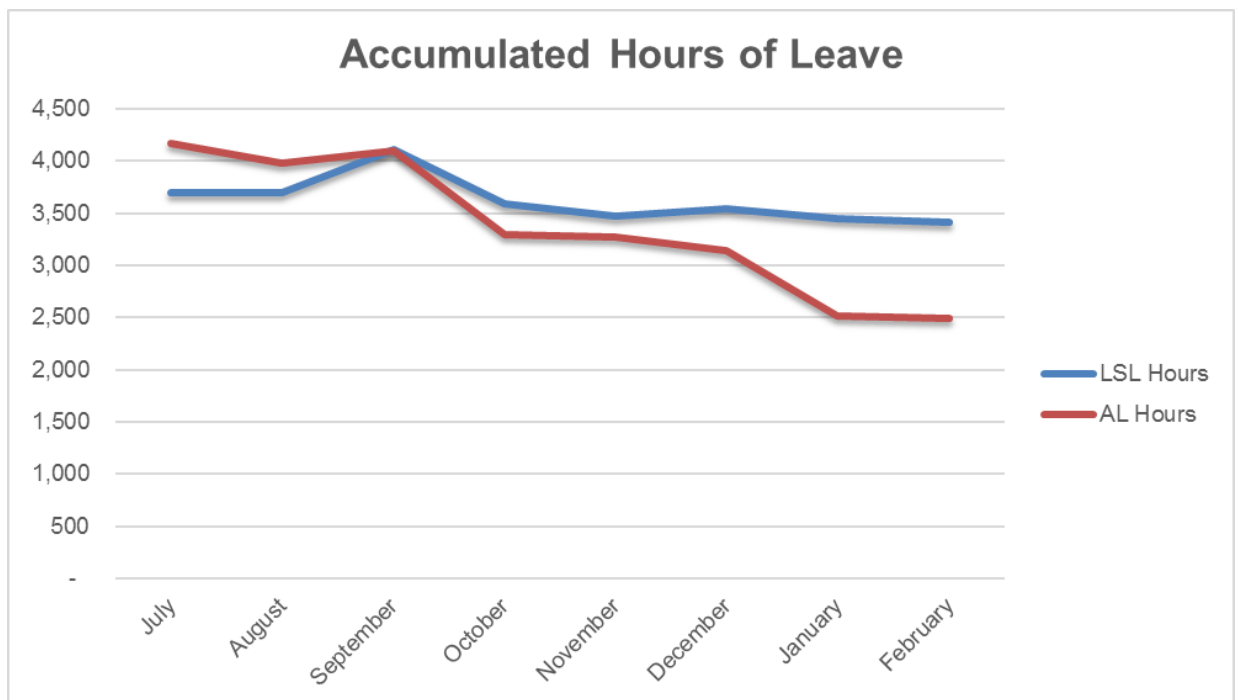
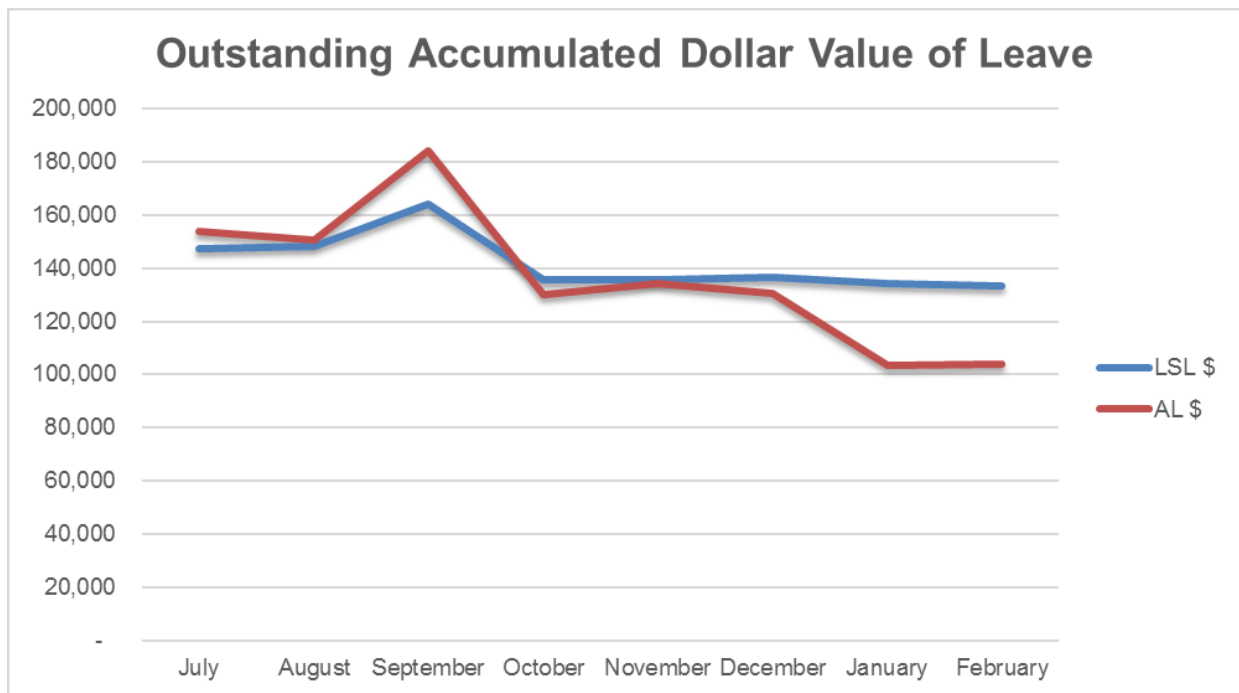
During the 2018/19 financial year, there has been a significant reduction of 43% (in Dollar Value) in the Annual Leave Liability through a combination of Retirements and current staff taking accrued Annual Leave.

The Long Service Leave Liability has been reduced by 18% (in Dollar Value) from a high in September 2018.



**STAFF LEAVE ENTITLEMENT MONTH BY MONTH**

	<b>LSL Hours</b>	<b>LSL \$</b>	<b>AL Hours</b>	<b>AL \$</b>
<b>JULY</b>	3,696	147,281	4,165	153,719
<b>AUGUST</b>	3,696	148,420	3,984	150,760
<b>SEPTEMBER</b>	4,113	164,099	4,093	184,068
<b>OCTOBER</b>	3,588	135,714	3,294	129,947
<b>NOVEMBER</b>	3,478	135,647	3,273	134,268
<b>DECEMBER</b>	3,538	136,792	3139	130,596
<b>JANUARY</b>	3,454	134,336	2,521	103,514
<b>FEBRUARY</b>	3,413	133,155	2,498	103,756



## ITEM 11 STANDING ITEMS – OTHER

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### *Audit & Risk Committee - Terms of Reference 9.2*

#### **11.1 Results of Consultation Survey – Community Bus**

<b>Meeting Date</b>	12 <sup>th</sup> March 2019
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	GPO Sarah Caporn
<b>Attachments</b>	Community Survey; Results from Survey
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil.

#### **RECOMMENDATION: AR20-18/19**

#### **MOVED Cr Davies SECONDED Cr Brown**

That the Audit and Risk Committee recommend to Council that: -

1. The Officer's Report on the Community Bus be received, and
2. Council retain the current Community Bus for a further three years or until it reaches 100,000 Kilometres, and
3. The Hire Rate be reduced to \$0.90/km inc. GST (to cover Operating Costs) for a trial period of two years as an initiative to promote greater use of the Community Bus.

**RECOMMENDATION CARRIED 4/2**

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#### **IN BRIEF**

- Current bus was purchased in 2012 and has registered 65,169 kms to date
- 2018/19 Budget allocations including a changeover amount of \$108,700 for trading in the current bus on a new model
- A study on the use of the Community Bus over the past four years has been conducted.
- Statistics on use, patronage has been collated and running costs per kilometre determined
- Council requested that a community survey be conducted to gather opinions on the Community Bus
- A community survey has recently conducted with 65 respondents (30 on paper, 35 electronic) to gauge community opinions on the Community Bus.
- Consultation with Sporting Clubs, Community Groups and Organisations was held to determine travel frequency and distance, vehicle source, and numbers
- Findings of the Community Consultation are included in the body of the report
- Feedback from the Community is that:
  - There is a need for a community bus;
  - Its size is appropriate;
  - It needs modifications to make it more aged friendly;
  - That the high hire cost of the bus is a deterrent to use the bus.

- Feedback from Clubs, Groups and Organisations is that:
  - The cost of hire is too high and there are cheaper options available;
  - The size of the bus is too large for smaller clubs;
  - Aged friendly / access is an issue;
  - Some clubs / organisations have acquired their own vehicles.

## MATTER FOR CONSIDERATION

The Future of the Community Bus – Immediate and Longer Term.

### BACKGROUND

Current bus was purchased in 2012 and has registered 65,169 kms to date.

At the time of purchase it had an expected life of 10 years.

#### **Community Bus Usage**

Life time bus usage is approximately 9,300 km per annum. Usage of the bus has been declining over time. (Documented usage only goes back to November 2016)

The largest user has been the Quairading District High School followed by QARRAS, and Sporting Clubs.

Data from January 2017 – January 2019		
User Group	Distance Travelled (kms)	%
QDHS	4,981	41%
QARRAS	2,235	18%
Single User	2,219	18%
Sporting Clubs	1,628	13%
Service & Repairs	800	7%
Shire	414	3%
<b>Grand Total</b>	<b>12,277</b>	<b>100%</b>

#### **Community Bus Financials**

Community Bus was purchased for \$116,390 in 2012.

Historical financial data for Community Bus from 2015/16 to 2018/19.

Year	Income	Expense (O & M)	Depreciation	Total Cost (Exp + Dep)
15/16	\$8,620	\$3,081	\$3,550	\$6,631
16/17	\$10,553	\$7,415	\$2,320	\$9,735
17/18	\$7,143	\$3,108	\$5,909	\$9,017
18/19 <sup>1</sup>	\$3,748	\$4,882	\$3,481	\$8,362

<sup>1</sup> Figures for Year to Date (31 Jan 2019)

### **Community Bus Running Costs (\$/km)**

Year	Distance (kms)	Running cost (Exc Dep) \$/km	Running Cost (inc Dep) (\$/km)
17/18	6,307	\$0.49	\$1.43
18/19	3,548	\$1.38	\$2.36
Average	4,928	\$0.81	\$1.76

Average Running costs (\$/km) over the two-year period that mileage statistics have been documented is **\$0.81/km** (exc. depreciation) and **\$1.76/km** (inc depreciation). Figure for 2018/19 appear elevated because it includes annual costs (insurance, licencing) and there has been a significant reduction in hiring of the bus.

### **Shire Community Bus Hire Rates and Subsidies**

Shire currently hires the Community Bus at a rate of \$1.75/km (inc GST) and inclusive of fuel.

Council provides a Subsidy to Senior Citizens & Youth Centre - Max 500Km / Annum each.

Council provides a Subsidy to School "Moving Forward Program" - 600km.

### **Comparison with Other Shires**

Data was collected from three neighbouring Shires.

Shire	Class	Rate	+ / - Fuel
Beverley <sup>2</sup>	"Standard"	\$1.55 / km	Including Fuel
	"School Age" (50% subsidy)	\$0.77 / Km	Including Fuel
Bruce Rock	"Resident"	\$0.86 / km	Including Fuel
	"Non-Resident"	\$1.25 / km	Including Fuel
Kellerberrin	"Standard"	\$0.60 / km	Excluding Fuel
	"Seniors Groups"	\$0.50 / km	Excluding Fuel
Quairading	"Standard"	\$1.75 / Km	Including Fuel

Shire of Quairading has the highest hire rates for a Community Bus in the immediate neighbourhood.

## **SURVEY RESULTS**

### **INDIVIDUAL SURVEYS**

Staff conducted a community survey from 14th February through to 1st March 2019. A total of 66 surveys responses were received: 31 paper surveys were returned, and 35 were received electronically via a Survey Monkey link promoted on social media.

Five (5) Key Questions were asked with an opportunity to provide additional feedback and comments at the end.

### **Bus Usage – Frequency**

- 58% of respondents used the Bus less than once a year or never.
- 6% of respondents used the bus on a regular basis (quarterly)

<sup>2</sup> Beverley Community Bus is over 10 years old and has clocked 200K+ Kilometres.

### **Need for a Community Bus**

- 97% of respondents believed that the Community Bus was a service that should be provided by the Shire

### **Size of Bus**

- 82% of respondents wanted to retain a bus of the existing size

### **Importance of Universal Access**

- 95% of respondents indicated that there was a need to address access within the bus
- This is not surprising considering the majority of respondents were in the 50+ and over category.

### **Price Structure**

- 84% of the respondents believed the cost of the Bus should be subsidized.

### **General Comments**

- Community bus is too expensive to hire
- Have been hiring bus from neighbouring shires because of the high cost.
- Not affordable to local clubs and community groups
- Value of service recognised but too expensive
- Need for better promotion / advertising of the service.

## **GROUPS / CLUBS AND INSTITUTIONS**

The following Clubs, Groups and Institutions were interviewed

Institutions	Sports Clubs	Social Community Groups
P&C QDHS	Football Club	QARRAS
Hospital	Quairading Aquatic Club	Curtain Raisers
CRC	Hockey	Quairading Youth
	Tennis	

### **Sporting Clubs**

#### *Frequency of Travel*

- Seasonal use between 1 to 2 times per month (max 10 time per season)

#### *Means of Transport*

- Smaller clubs use private vehicles but also hire the Footy Club mini-bus
- Football club has own vehicle but also uses private vehicles.

#### *Numbers of Passengers*

- Numbers range between 5 and 25

#### *Distances travelled*

- Majority of travel is Local / Regional (1 – 1½ Hours)
- There are occasional trips to Perth.

#### *Comments*

- Bus would be used if cheaper
- Size of bus too large for the smaller clubs – hence use of Footy Club mini-bus

## **Community Clubs**

### *Frequency of Travel*

- Year round use but frequency less
- Quarterly / Annually
- Bus not used by Youth Group currently

### *Means of Transport*

- Community Bus
- Occasional rental when numbers exceed seating of Community Bus.

### *Numbers of Passengers*

- Numbers range between 5 and 35 (QARRAS)

### *Distances travelled*

- Bus is used predominantly for regional travel and to Perth.

### *Comments*

- Is used for cultural and social events
- Needs to be more universal friendly
- Needs storage for walker frames ....
- Constraint is the issue of needing a special drivers licence

## **Institutions**

### *Frequency of Travel*

- Year round
- School and hospital organise travel at least once per month
- CRC once every six months

### *Means of Transport*

- Hospital has own vehicle (12 seater) funded through HACC Program
- School (PC) has been renting buses from neighbouring Shires. It has now purchased its own bus
- CRC both uses private vehicles and hires Footy Club Bus. Once a year will use the Community Bus

### *Numbers of Passengers*

- Hospital between 5 and 10
- School between 15 and 30
- CRC between 5 and 12

### *Distances travelled*

- Travel is a combination of local, regional travel and to Perth.

### *Comments*

- Biggest deterrent for the use of the Community Bus has been the high price to hire with cheaper options in neighbouring Shires.
- Bus too large for needs
- Need for a special driver's licence.

## **FURTHER CONSIDERATIONS**

The Quairading DHS P&C has recently purchased a 24 seat bus for the school to use. The P&C have confirmed that the bus will be used exclusively for the school at this time but it may be available to junior sporting clubs and other community groups in the future.

## STATUTORY ENVIRONMENT

Local Government Act 1995

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

The 2018/19 Budget provides the following:

9706	Purchase Price – New Coaster Bus	\$135,700
7066	Sale of Current Community Bus (Q458)	\$27,000
	<i>Changeover Balance</i>	<i>\$108,700</i>
	Funding	
	Amount Allocated from Reserves	\$85,000
	Amount Allocated from Municipal Acct	\$23,700

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

This project achieves multiple items within the Shire's Strategic Community Plan.

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community
B2	Enhanced and Sustainably Managed Assets and Infrastructure
B2.2	Ensure the provision of community facilities and other built assets takes into account the needs of the community
G3	Community Engagement
G3.1	Provide appealing opportunities for the community to participate in decisions that affect them

## COMMUNITY CONSULTATION

A survey was circulated to the community through a postal drop off and through social media and Survey Monkey.

Short interviews were conducted with Sporting Clubs, Community Groups and other local institutions.

Results from these consultations have been included in the body of the report.

## RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Council budgets for the Operation and Hiring of the Community Bus. Frequency of the Hirings have diminished considerably in the past 2 years whilst many Operating Costs such as Licensing and Insurance are Fixed Costs. Financial Risk for Council will escalate if Council were to purchase a new Bus and still have low patronage and low Hiring Income.

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low. There is a potential reputational risk, if Council does not review the Hire Rate to promote greater local use of the Community Bus.

Operation – Risk Matrix Rating is considered Low. The Community Bus is established within Council's operations and Budget.

Natural Environment – Risk Matrix Rating is considered Low.

## COMMENT

Shire Community Bus is seven (7) years old with only 65,000 kilometres on the clock. The bus is in good condition with low operational and maintenance costs. It should be retained for the next three years and traded in at 100,000 kilometres.

A study on the use of the Community Bus over the past four years has been conducted.

Statistics on use /patronage has been collated and running costs per kilometre determined.

The current rate used by the Shire (\$1.75 /Km) is equivalent to full cost recovery @ \$1.76 / km verses recovery (exc depreciation) @ \$0.81 / km.

Comparisons of fees and charges have been made with neighbouring Shires to determine the competitiveness of the Shire's Community Bus. The Quairading Community Bus is the most expensive to hire. This is a deterrent for clubs and organisations to hire it.

It is recommended that Council should consider a trial reduction in Hire Rate and subsidize the hire of the bus in an effort to promote greater use of the Bus in the short term.

It is also highlighted that the P&C Bus will only be utilised for School activities (possibly later on for Junior Sport)

Feedback from the Community is that:

- i. There is a need for a community bus;
- ii. Its size is appropriate;
- iii It needs modifications to make it more aged friendly;
- iv That the high hire cost of the bus is a deterrent to use the bus.

Feedback from Clubs, Groups and Organisations is that:

- i The cost of hire is too high and there are cheaper options available;
- ii The size of the bus is too large for smaller clubs;
- iii Aged friendly / access is an issue;
- iv Some clubs / organisations have acquired their own vehicles.



## ITEM 12 COUNCILLORS' EMERGING ISSUES

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### Cr Davies

Cr Davies commented that he had been liaising with Mr Terry Kean in regard to his Community Tree Planting Proposal and enquired when Council would be receiving the Soil Test Results for the Ex-Valley Ford (PTA) land. The Chief Executive Officer confirmed that the Consultant's Report was now to hand and will be presented in the next Council Meeting Agenda.

The Chief Executive Officer provided an update on the Review of the GP Contract and Cr Davies provided an overview of the recent MEC Meeting. The Chief Executive Officer confirmed that Rural Health West were assisting Council with a Report being prepared on the GP Models operating in the Wheatbelt region.

### Cr Stacey

Cr Stacey sought clarification from the Chief Executive Officer on what feedback was being requested from Councillors on the Business Attraction Framework.

The Chief Executive Officer advised that Councillors were invited to provide any thoughts or suggested business initiatives that may be included in the Draft Strategy document.

### CEO

The Chief Executive Officer sought Committee confirmation on the setting of the date for the Pre-Audit Meeting with the Auditor.

Committee resolved that the Meeting be scheduled for Monday 6<sup>th</sup> May 2019 commencing at 4.00pm

ITEM 13 CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

*No matters for consideration.*

ITEM 14 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 11<sup>th</sup> June 2019, commencing at 5.00pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15 CLOSURE

There being no further business, the Chairman closed the Meeting at 7.15 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 14<sup>th</sup> March 2019 were confirmed on 11<sup>th</sup> June 2019 as recorded on Resolution No. \_\_\_\_\_

Confirmed..... 11/06/2019

## ITEM 6      STANDING ITEMS – EXTERNAL AUDIT

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### *Audit & Risk Committee - Terms of Reference 7.6*

#### **6.1 Interim Management Letter**

<b>Meeting Date</b>	11 <sup>th</sup> June 2019
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	EMCS Nathan Gilfellon
<b>Attachments</b>	Moore Stephens – Interim Management Report
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### **OFFICER RECOMMENDATION**

**That the Audit & Risk Committee Recommend to Council:**

**That Council receive the Interim Management Letter from Council’s Auditor Mr Greg Godwin of Moore Stephens for the audit Year ended 30th June 2019.**

#### **VOTING REQUIREMENTS – Simple Majority**

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#### **IN BRIEF**

- Council has undertaken the Interim Audit with Council Auditors onsite between the 8<sup>th</sup> to 10<sup>th</sup> of May.
- Council Auditor Greg Godwin has presented their Interim Management Report showing matters raised with Management to the Chair of the Audit and Risk Committee. This report is attached.
- Comments from Management to matters raised have been included in the attached.
- In addition to the comments in the Management Letter, Management is also planning to implement the SynergySoft Bank Reconciliation module to replace the current manual system and will also implement daily transfers of trust receipts to replace the current monthly transfer process.

#### **MATTER FOR CONSIDERATION**

Receipt of the Interim Management Letter for the Year Ended 30th June 2019.

#### **BACKGROUND**

The Annual Interim Audit of Council’s Financials for the audit year ending 30<sup>th</sup> June 2019 was conducted with an Onsite Audit Visit from the 8<sup>th</sup> to the 10<sup>th</sup> May 2019.

Council’s Auditor, Mr Godwin, has now completed the Interim Audit and has provided the Interim Management Report Letter.

#### **STATUTORY ENVIRONMENT**

##### ***Local Government Act 1995***

Part 7 refers to Audits of Council and the Conduct of the Audit.

Section 5.53 of the Local Government Act 1995 states as follows: -

- 5.53. (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain –
- (a) a report from the Mayor or President;
  - (b) a report from the CEO;
  - (c) a report of the principal activities commenced or continued during the financial year;
  - (d) an assessment of the local government's performance in relation to each principal activity;
  - (e) an overview of the principal activities that are proposed to commence or to continue in the next financial year;
  - (f) the financial report for the financial year;
  - (g) such information as may be prescribed in relation to the payments made to employees;
  - (h) the auditor's report for the financial year; and
  - (i) such other information as may be prescribed.

## POLICY IMPLICATIONS

### Audit and Risk Committee Terms of Reference

(e) The Committee is to review the findings of the External Audit. This may include, but not be limited to, the following: -

- Discussion of any major issues which arose during the audit;
- Any accounting and audit judgments; and
- Levels of errors identified during the audit.

(f) The Committee will also support the Auditor as required and has Function to oversee the following: -

- The implementation of Audit Recommendations made by the Auditor, which have been accepted by Council, and
- The implementation of accepted Recommendations from reviews of Council's systems and procedures.

(h) The Committee is to review the report to the Chief Executive Officer and Management's response to the External Auditor's findings and recommendations.

## FINANCIAL IMPLICATIONS

The Interim Audit is a part of the Annual Audit and costs are as per the Audit Contract. These costs are budgeted for each year. The current budget provision for auditing is \$20,700.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

**Governance Objective: Strong governance and community engagement**

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

## COMMUNITY CONSULTATION

Nil

## RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is considered Low. Cost of the Annual Audit is included in the Budget. The Audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the Management report can reduce the risk of this occurring. The cost of the Annual Audit is included in the Budget.

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low

## COMMENT

Management comments to the matters raised are including in the Management Letter. In addition to these comments Management is planning to move to a SynergySoft Bank Reconciliation Module rather than the current manual process. This will help simplify the process for new staff and allow for an appropriate level of support and surety.

In regards to the Trust deposits, an alternative approach has been recommended by the Councils Auditors of a daily transfer of all trust receipts (excluding Licensing) received by credit card. This will replace the current monthly transfer process and has been implemented by Management starting in June 2019 and should satisfy the requirement for the Separation of Councils municipal and trust funds.

## Statutory Requirements

*Local Government Act 1995*

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to: -
  - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
  - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must: -
  - (a) examine an audit report received by the local government; and
  - (b) determine if any matters raised by the audit report, require action to be taken by the local government; and
  - (c) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must: -
  - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
  - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

### **Council Delegated of Authority**

#### *Delegation F.1 – Audit Committee: Meeting with Auditor*

Council delegates authority and power to the Audit & Risk Committee to meet with the Local Government's Auditor at least once per year.

**Quotation for the provision of:  
Review of Risk and Internal Control Systems**

**Shire of Quairading  
May 2019**

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## Company Profile

Our proposal will demonstrate Moore Stephens can meet the needs of the Shire of Quairading.

This proposal will outline the following reasons why you should appoint Moore Stephens:

An experienced team	Our team have an in-depth understanding of the local government industry and in particular all the relevant requirements with respect to the Audit Regulation 17 Reviews, providing the basis for the CEO to report on the appropriateness and effectiveness of the Shire’s risk management, internal controls and legislative compliance.
We are familiar with your Shire	We can demonstrate a proven capacity to work with your organisation to achieve outcomes and meet deadlines.
An integrated service	<p>We have an excellent track record of delivering high quality services to local government throughout Western Australia. By using a carefully selected service team who are used to working together on similar assignments, we will ensure you experience a completely integrated service.</p> <p>Our service is not just compliance focused. We seek to work with you to help add value across all facets of your Shire.</p>
Relevant experience	We have provided similar services to other regional local governments of a similar size and can use our experience to your benefit.
Accessible partners and staff	All our engagements have a high level of partner and senior staff involvement. This increased accessibility means we develop a detailed understanding of your Shire to deliver a practical, value for money review.
The right reputation	Tradition and integrity combined with thoughtful innovation means Moore Stephens will reflect and support the reputation and credibility of your local government.

We trust our proposal will contain all the information you require at this stage. You would continue to be an important client for Moore Stephens, and we look forward to discussing your requirements further.

## Company Profile – Company Details (continued)

When you select Moore Stephens as your service provider, you will have access to a team with the most collective years of local government experience in Western Australia.

### At Moore Stephens we:

- Take our responsibility as local government service providers very seriously;
- Consider ourselves the leader in the field;
- Have WALGA preferred supplier status;
- Offer a complete team with considerable depth of local government experience, expertise and knowledge;
- Ensure we understand the implication of all legislative/regulatory changes as they occur and incorporate them into our processes to help ensure an effective, complete service and inform clients and the industry generally of the impacts; and
- Believe we have demonstrated this consistently over the past three decades.

### On time, on budget, no surprises

Our engagement team focuses on the client's demands and needs – on time, on budget, without any surprises on completion. Key issues are dealt with on an ongoing and timely basis and we go out of our way to ensure your timetable and needs are met. Our approach is to complete the reporting process as soon as possible rather than it being a long drawn out process. We consistently meet deadlines and client expectations, and fully appreciate how important deadlines are to you.

### Valuable relationships

To provide you with a valuable service we need to fully understand you and your objectives. We view our relationship with you as a two-way process: while it is vital we are available when you need us, it is of equal importance we contact you when issues arise that you need to know about. It is through this regular communication the relationship between our two organisations will continue to develop - as will the value you obtain from our services.

## Objective and Scope

### CEO Reviews

In order to assist the CEO to meet their obligations under Regulation 17 of the *Local Government (Audit) Regulations 1996* we would undertake the review to meet the reporting requirements the CEO has under legislation.

Onsite fieldwork for the reviews would be undertaken in one site visit to minimise disruption of Shire staff. The Audit Regulation 17 review will focus on the overall systems and procedures in relation to risk management, internal controls and legislative compliance, to form the overall System and Procedure Review in accordance with Audit Regulation 17(3). A report will be prepared for the CEO to detail the results of the review to the local government as required by legislation.

The services provided in terms of this review comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.

Proposed methodologies for the review are provided on the following pages. Should we be invited to perform this engagement, it would be subject to an engagement agreement detailing the scope and reporting format.

## Objective and Scope (Continued)

### Systems and Procedures Review

#### Objective of the engagement

Our review aims to provide the basis for a report by the CEO on the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance systems and procedures as required by **Audit Regulation 17**. The results of the review are to be reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEO's report and then report to the Council. The report from the Audit Committee to the Council is required to have attached a copy of the CEO's report to the Audit Committee.

#### Procedures

Our procedures would encompass the following services:

- A review of the risk management systems policies, procedures and plans in place at the Shire;
- Evaluate the non-financial/operational internal control systems and procedures at the Shire;
- Assess systems and procedures for maintaining legislative compliance;
- Prepare a report of matters identified during the review to assist the Chief Executive Officer to assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with Local Government Audit Regulation 17.

To undertake these procedures, we would apply the following methodology:

- Conduct onsite interviews with key personnel involved in risk management, financial management and ensuring Shire adherence to legislative compliance;
- Identify the extent of commitment and mandate to Risk Management principles (using AS/NZS ISO 31000:2018 as the framework) within the overall risk management framework;
- Review each component (risk management, legislative compliance and internal controls) after considering the overall risk environment, governance structure and internal control environment;
- Assess the gaps (if any) between the current processes and the expected risk management, internal controls and legislative compliance systems and procedures and recommend suggested improvements; and
- Report on the appropriateness and the effectiveness of current systems and procedures.

The review will be a high level review given the scale, variety and breadth of non-financial activities and will consider as a minimum the issues identified by the Department of Local Government, Sport and Cultural Industries in Appendix 3 to Local Government Operational Guideline Number 09 – Audit in Local Government.

#### Reporting

We view the review as more than a compliance exercise and seek to identify sound practices and confirm their effectiveness as well as offer practical assistance to rectify any weaknesses identified.

The primary focus of the review report is to provide an assessment of the appropriateness and effectiveness of risk management, internal controls and legislative compliance for the CEO, our systems and procedures review report will provide an assessment for each of the three elements and identify any opportunities for improvement noted during the course of our review.



## Key Personnel Skills and Experience

Our philosophy when working with you will be to ensure your needs are our priority, and it is this principle which will form the basis of our relationship.

Moore Stephens is a people-focused business and client relationships are partner-led. Each member of the core team will have sufficient knowledge of Local Government to provide you with the support you require.

With a team of 73 professionals (including Partners and Directors) servicing clients, we are adequately resourced to meet and cater for your needs. Our specialist local government services division of 12 is complimented by 61 audit, tax, business advisory and corporate service professionals.

### The Right People

When you select Moore Stephens as your service provider you will have access to a team with the most collective years of local government experience in Western Australia. This is very important in keeping your level of risk to a minimum.

Moore Stephens has WALGA preferred supplier status for audit engagements and is able to offer a complete team with considerable depth of experience, expertise and knowledge of the local government industry in Western Australia. This means we are able to provide an efficient and effective process. All staff who would be involved in the engagement will be sourced from our dedicated local government service team and all have had experience over a significant number of years in these engagements.

Our team combines external and internal audit experience, local government financial management review experience, risk management and governance experience along with extensive knowledge of the legislative compliance environment applicable to local government. Team members have both the client relationship and review skills along with the requisite West Australian local government knowledge to undertake the review. Senior members of the team also have the report writing skills to clearly articulate any matters noted and possible improvements identified in the report.

### Key Personnel

**Russell Barnes** is a dedicated Local Government Services Director, who will have day to day oversight and review responsibility for the engagement. In addition, **Russell** specialises in, and has extensive skills and experience in undertaking System and Procedure Reviews and will be responsible for overseeing the engagement.

With 17 years' experience working in WA local government, **Tanya Browning** brings her practical knowledge of a range of local government finance, administration, governance and compliance disciplines. **Tanya** will perform the majority of the onsite component for this engagement.

**David Tomasi**, with over 32 years of experience will oversee the quality of the engagement and provide further technical support should this be required.

Our dedicated local government audit team consists of 2 Partners, 2 Managers, 2 Supervisors, 5 Seniors and 8 Intermediate/Graduate staff who all have previous experience in undertaking local government reviews. Our non-local government audit team is available to undertake work to ensure the local government team has capacity to undertake the review.

## Key Personnel Skills and Experience (continued)

# Russell Barnes

Director, Local Government  
Advisory



### Relevant Experience:

- Immigrated to Perth in July 2007 and joined our audit and advisory services division. Appointed a Director of Moore Stephens in July 2015.
- Combines over 11 years of providing advisory services to local government in Western Australia and over 14 years in senior management roles in industry.
- Strong analytical skills and specialises in integrated planning and reporting and system review engagements.
- Developed much of the firm's methodology with respect to business planning, financial reporting, long term financial planning, risk management, asset management and Audit Regulation 17 Risk Management Reviews.
- Responsible for the majority of the firm's **System and Procedure Review engagements**.

Russell has a wide ranging local government experience built on a significant number of years as a consultant.

### Role:

- Local Government Advisory Director
- Engagement Director on local government advisory engagements

### Qualifications:

- Bachelor of Commerce
- Graduate Diploma in Computer Studies

## Key Personnel Skills and Experience (continued)

# Tanya Browning

Manager, Local Government  
Advisory



### Relevant Experience:

- Tanya joined the firm in October 2018, bringing with her 17 years of practical local government experience including finance, governance and statutory compliance. She has primarily worked in rural and remote local governments, as well as being actively involved in broader industry activity through her role as Director on the board of LG Professionals WA since 2010.
- Tanya's qualifications include Public Sector Management, Infrastructure Asset Management and Project Management, and she has been the recipient of a number of industry awards during her career acknowledging her professional contribution and service to the local government sector.
- Broad experience across a range of local government finance, administration, governance and compliance roles, providing a solid background and understanding of the challenges and opportunities with our local government engagements.

**Tanya's extensive experience and hands-on knowledge is widely recognised in the Industry.**

### Role:

- Local Government Advisory Manager

### Qualifications:

- Graduate Certificate Public Sector Management
- Graduate Certificate Infrastructure Asset Management
- Diploma of Project Management
- Fellow of LG Professionals WA



## Key Personnel Skills and Experience (continued)

# David Tomasi

## Quality Control Reviewer



### Relevant experience:

- Commenced career as an Auditor in 1986.
- Broad range of experience across all industry sectors including five years with a “big 4” accounting firm and twelve months in the UK.
- Extensive local government experience since 1990, including development of the firm’s local government audit methodology and approach and being engagement partner on a significant number of our local government audits spanning three decades.
- **Developed the firm’s methodology in relation to Financial Management Reviews and has been involved in a large majority of them since 2000.**
- Facilitated Strategic Plans at two local government authorities.
- Involved in numerous special investigations and consulting engagements.
- Presented the firm’s workshops (since inception in 1995).
- Previously a member of the DLGRD’s Financial Reporting Working Party, which, amongst other things, was charged with the review of the Financial Management Regulations to ensure consistency with recent changes to Australian Accounting Standards (AIFRSs) and providing guidance on other financial reporting matters.

### Industry Papers Presented:

David has presented many Papers covering industry specific matters, including:

*Asset Management, Cash Flow Statements, Local Government Audit and Accounting, IFRS, Fair Value, Reporting, ROMAN II and Cloud Computing.*

David’s specific local government knowledge and experience helps provide added quality to the FMR process.

### Role:

- Quality Control Reviewer
- Managing Partner

### Qualifications:

- Bachelor of Commerce (UWA)
- Chartered Accountant (Fellow)
- Registered Company Auditor
- Registered Tax Agent
- Registered Co-operative Company Auditor
- Registered Self-Managed Superannuation Fund Auditor

# Key Personnel Skills and Experience (continued)

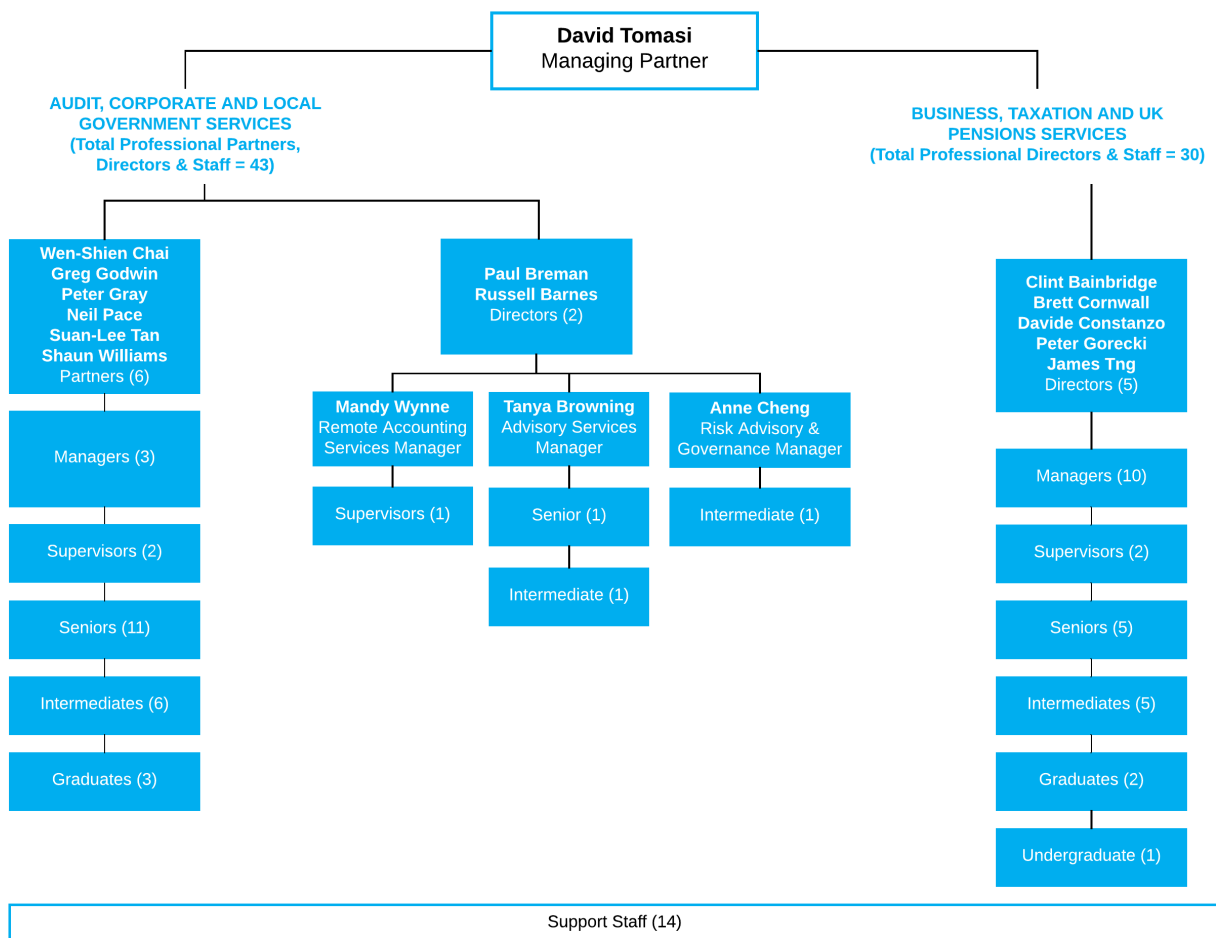
## Organisational Chart and Capacity

As detailed in this document, Moore Stephens and the firm’s key personnel have developed a wealth of experience in local government.

The approach and methodology developed by the firm over this time also assists delivery of an efficient and effective audit service.

The size of the firm (in numbers and experience) also allows flexibility and will ensure we are able to complete the engagement in your required timeframe.

The chart below reflects the location within the firm of all key staff who we intent to involve in this project.



THIS YEAR

32.8876  
42.9841

# RISK MANAGEMENT



First quarter  
Jan-Mar

Seco  
Apr-J

Third quarter  
Jul-Sep

## Fees

Our indicative fee estimate for undertaking the engagement is in accordance with our understanding of the scope of service as outlined in this document.

Outlined below is our proposed fee estimate for the Shire of Quairading	Fee Estimate (excl of GST)
<b>Audit Regulation 17 Review</b>	<b>\$9,700</b>
<ul style="list-style-type: none"> <li>Review of Risk and Internal Control Systems</li> </ul>	

Personnel	Hourly Rate (excl GST)
Director	\$500
Manager	\$280

Our fee estimate is valid for 60 days from the date of our response. Billing for our services would be made upon completion of our engagement in accordance with our normal business terms and conditions.

### Additional work

For any additional work, we would agree terms of reference with you and provide an estimate of our fees in advance.

### Fee assumptions and inclusions

In the preparation of our fee estimate, we have made the following assumptions:

- The Shire of Quairading will permit access to source information relevant to undertaking the review in a timely manner; and
- Based on the Systems and Procedures Review being undertaken during one onsite visit.

### Fee exclusions

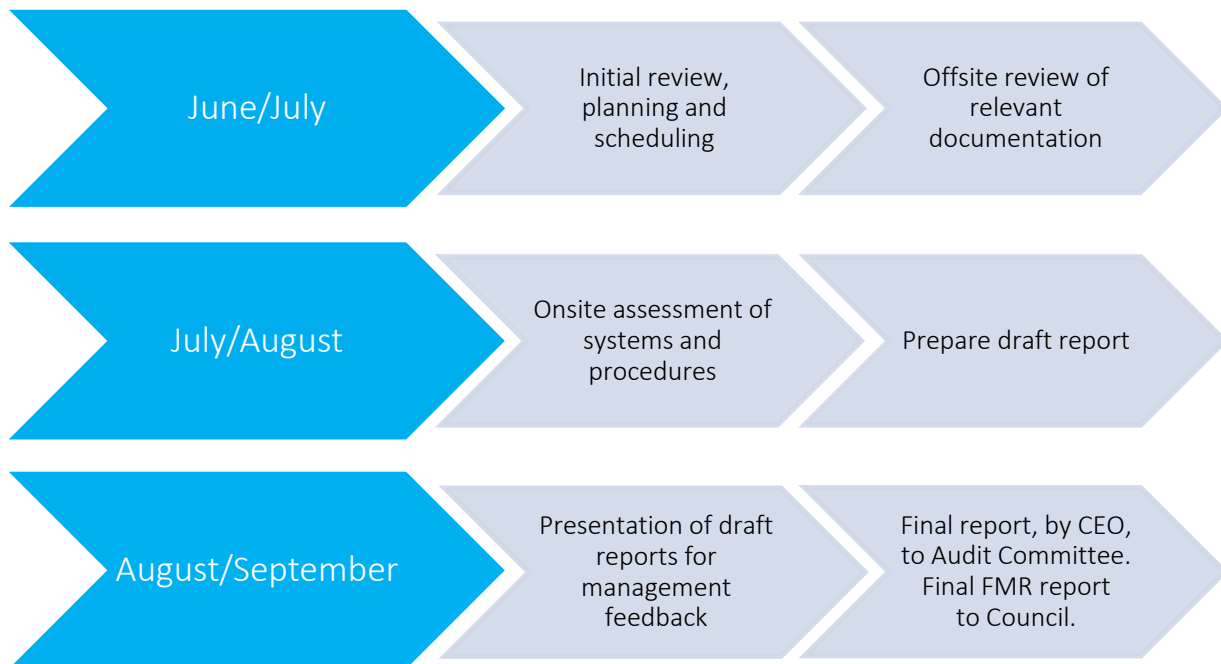
- Goods and Services Tax;
- Travel, accommodation and out of pocket expenses as per our Staff Travel Policy; and
- Presentation of the final report onsite.

## Delivery / Scheduling

### Timing

The timing of the onsite component of the engagement will be heavily dependent on access to Senior Staff. We would seek to be onsite as soon as practically possible and propose to commence work on the engagement prior to the onsite component once provided with the appropriate documentation such as the Shire's relevant policies and procedures.

We propose the following indicative timing:



Exact timing to complete the report following our 2 day site visit is dependent on the time taken by the Shire to respond to any queries. We have allowed for 3 days offsite for completion of the report.

All previous reviews we have undertaken for local government clients have been delivered on-time and on budget and we are confident in our capacity to deliver this review on time and on budget.

## Demonstrated Experience

### System and Procedure Reviews

Over the course of the past 4 years we have conducted System and Procedure Reviews to assist CEO's meet the requirements of *Local Government (Audit) Regulation 17* for the following local governments, with a number currently undertaking the second review:

City of Kwinana	Shire of East Pilbara	Shire of Narrogin
Town of Port Hedland	Shire of Exmouth	Shire of Northampton*
Shire of Ashburton	Shire of Halls Creek	Shire of Serpentine-Jarrahdale
Shire of Broome	Shire of Katanning	Shire of Shark Bay
Shire of Capel	Shire of Kellerberrin	Shire of Three Springs
Shire of Christmas Island	City of Kwinana	Shire of Victoria Plains
Shire of Coolgardie	Shire of Laverton	Shire of Wiluna
Shire of Coorow	Shire of Morawa	Shire of Wyndham-East Kimberley
Shire of Denmark*	Shire of Nannup	Shire of York
Shire of Dundas*		

\* *Review currently in progress*

During this time, we have developed a unique methodology in relation to these Reviews based on our extensive local government knowledge and experience.

### Financial Management Reviews

In the course of the past 18 years we have provided detailed Financial Management Review services to the majority of our clients and other local governments state-wide. Since the year 2000, we have performed approximately 200 Reviews to local governments in the metropolitan and regional areas.

Financial Management Reviews undertaken since the beginning of 2016 number fifty (50) and are as follows:

City of Albany	Shire of Derby-West Kimberley	Shire of Narrogin*
City of Armadale	Shire of Dumbleyung	Shire of Northam
Shire of Ashburton	Shire of Dundas*	Shire of Northampton*
Shire of Brookton	Shire of East Pilbara	City of Perth
Shire of Broome	City of Fremantle	Shire of Quairading
Shire of Chapman Valley	Shire of Halls Creek	Shire of Serpentine-Jarrahdale
Shire of Chittering	City of Kalgoorlie – Boulder	Shire of Shark Bay
Shire of Carnarvon	Shire of Katanning	City of Stirling
Shire of Christmas Island	Shire of Kellerberrin	Shire of Three Springs
Town of Claremont	City of Kwinana	Town of Victoria Park
Shire of Cocos (Keeling) Islands	Shire of Lake Grace	Shire of Westonia
City of Cockburn*	City of Melville	Shire of Wongan Ballidu
Shire of Coolgardie	Shire of Morawa	Shire of Woodanilling
Shire of Coorow	Shire of Mount Marshall	Shire of Wyndham East Kimberley
Shire of Corrigin	Shire of Mukinbudin	Shire of Yilgarn
Town of Cottesloe	Shire of Mundaring	Shire of York
Shire of Denmark*	Shire of Nannup	

\* *Review currently in progress*

The experience and understanding of local government financial systems and workings gained since undertaking our first Financial Management Review engagement will also assist us in completing the System and Procedure Review.

## Demonstrated Experience (continued)

### Internal Audit Services

Specific Internal Audit experience is detailed as follows:

City of Albany	Internal Audit - 2013 to 2016
Town of Bassendean	Internal Audit - 2013 to present
	End to End Review of Procurement Processes 2017
City of Bayswater	Receipting Systems and Processes 2015
	Cash Handling Procedures 2015
City of Belmont	End to end Review of Procurement Procedures 2018
City of Cockburn	Activity Based Costing Review
	Fuel Management Process
City of Joondalup	City Festivals
	Payment Process Review
City of Melville	Procurement Process Review 2018
City of Nedlands	Internal Audit - 2018 to 2020
Shire of Northam	Procurement Process Review 2018
Town of Port Hedland	Tender Probity Reviews 2010 and 2011
	Selected Procurement Events Review 2016
City of Rockingham	Metering of Utilities Usage 2008
City of Stirling	Asset Management Review 2008, 2012 & 2016
City of Vincent	Internal Audit - 2013 to 2017
Shire of Wyndham-East Kimberley	Key Transaction Cycles Process Review 2015

This experience further assists us understand the Risk Management environment within local government.

### Statutory External Audit Services

For the year ended 30 June 2019 we are the incumbent auditors of thirty-five (35) local governments throughout Western Australia (and have had a significant client base dating back to 1990).

City of Albany*	Shire of Gingin	Shire of Quairading
Shire of Augusta-Margaret River	Shire of Halls Creek*	Shire of Serpentine-Jarrahdale*
Shire of Broome*	Shire of Irwin*	Shire of Shark Bay
Shire of Carnarvon	Shire of Katanning*	City of Subiaco*
Shire of Chapman Valley	City of Kwinana*	Shire of Toodyay
Shire of Chittering	Shire of Mt Marshall	Shire of Trayning
Shire of Christmas Island*	Shire of Mukinbudin*	Shire of Upper Gascoyne*
Town of Claremont*	Shire of Mundaring*	City of Vincent*
Shire of Coolgardie	Shire of Narembeen	Shire of Wongan-Ballidu
Shire of Coorow*	Shire of Ngaanyatjarraku	Shire of Wyndham-East Kimberley
Shire of Corrigin*	Shire of Northam*	Shire of Yilgarn
City of Fremantle*	Shire of Plantagenet	

\*Contract Auditor for the OAG

These engagements assist our understanding of the statutory, compliance and governance functions in which local governments operate.

## Demonstrated Experience (continued)

### Other Local Government Services and Involvement

Over the past twenty years we have conducted a number of different annual workshops, and in 2018 these were attended by over one hundred (100) local governments from all over Western Australia. These workshops have addressed the requirements for annual financial reporting, budgeting, accounting standards, the mandating of fair value, infrastructure assets, cashflow statements, ratio analysis, risk management, internal controls, sustainability and various other topical accounting issues.

We have developed model financial statements and annual budget which address all relevant disclosure requirements and attempt to establish a consistent guideline for local governments to follow. These reports are updated annually, as disclosure requirements are amended. Each year, the model is purchased by in excess of one hundred and twenty (120) authorities state-wide.

In 1999, we developed a strategy to assist local government with the implementation of GST and the firm has a dedicated tax task force to assist Councils in the complex areas of GST and FBT.

We are also the long serving contract provider for WALGA's tax service.

In addition to audit, since November 1999 we have provided a remote accounting service to many regional and remote local governments, and extensive assistance to local government in the following areas during the past ten years.

- Financial Report preparation
- Statutory Compliance Audits
- Infrastructure Assets advice
- Fair Value implementation
- Budget Conversion and assistance
- Ratio Interpretation assistance
- GST & FBT advice
- Long Term Financial Planning
- Strategic Community Planning
- Corporate Business Planning
- Workforce Planning
- Asset Management Planning

We are a subscriber member of Local Government Professionals Australia WA and an active participant in events. In 2014, we became a Foundation Partner of Local Government Professionals Australian WA (formerly known as LGMA WA) having previously been a Principal Partner since 2008 and a major sponsor of the annual conference since 2000, as well as other regional conferences and sporting events.



## Demonstrated Experience (continued)

### Other audit experience

Separate to our local government experience, we have a significant number of audit engagements in the following categories:

- Listed entities;
- Other public entities;
- Large private companies;
- Foreign owned companies;
- Indigenous organisations; and
- Significant not-for-profit organisations.

Our base of audit clients and our experience in commercial enterprises give us exposure to contemporary approaches in:

- Management processes;
- Governance frameworks;
- Data collection;
- Key financial transaction cycles and systems;
- Business risks;
- Infrastructure asset recording and management; and
- Labour force management.

We offer the benefit of this exposure in our audit of systems and policies and deliver these benefits as part of our core service.

## Quality Control

The firm takes a three-tiered approach to quality assurance:

- Project Specification;
- Staff Selection; and
- Quality Reviews.

All review projects are designed and documented before commencement to ensure the objectives of our client are specifically addressed and our methodology is understood. The document is approved prior to commencement of fieldwork.

The Partners and senior staff have had extensive experience in Local Government and provision of advisory services. Partners and staff attend ongoing in-house staff training, national and international conferences and commercially run seminars.

Field operatives and supervising personnel are selected on the basis of their experience in the project subject matter and their ability to add value to the final project outcome.

The quality review process is further enhanced by a peer review conducted by the Chartered Accountants Australia and New Zealand practice reviews program and completion of an annual application to the Professional Standards Council. Our last practice review under the program found our files complied with the Institute's quality requirements.

## Other Matters

### Disclaimer

The services provided in terms of the systems and procedure review (Audit Regulation 17 review) component of this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance either expressed or implied.

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### Conflicts of Interest

The firm currently provides extensive audit and advisory services to local government and is appointed external auditor for the Shire of Quairading.

Should the possibility of a perceived or actual conflict arise in relation to delivery of our audit services, the matter would be raised with the CEO immediately and activities suspended until the issue is resolved to the satisfaction of the CEO.

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Email [rjbarnes@moorestephens.com.au](mailto:rjbarnes@moorestephens.com.au)

### Proposal Date

22 May 2019

### Proposal Approval

Russell Barnes, Director

Shire of Quairading

Proposal – Provision of Financial Management Review Services

## **MOORE STEPHENS**

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28 May 2019

Cr J Haythornwaite  
The Chair  
Audit Committee  
Shire of Quairading  
PO Box 38  
QUAIRADING WA 6383

Dear Cr Haythornwaite

### INTERIM AUDIT VISIT

We have completed our onsite procedures in respect of our interim audit visit on 8<sup>th</sup> to 10<sup>th</sup> May 2019 and attach a list of matters raised with management during our exit meeting.

Please note, we will follow these up during our final visit later in the year to help ensure appropriate action has been implemented.

This letter, together with the attached matters are provided for the purposes of general information only and are not part of our formal audit reporting process. Our audit and management reports will be formally issued at the conclusion of our audit in respect of the year ended 30 June 2019.

If you have any queries regarding these or other matters, please contact me.

Yours sincerely



Greg Godwin  
Partner  
[Moore Stephens](http://www.moorestephens.com.au)

cc: Mr Graeme Fardon – Chief Executive Officer

**SHIRE OF QUAIRADING****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Trust funds transacted through Municipal Bank Account	✓		
2. Monthly Reconciliations		✓	
3. General Journals	✓		

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**SHIRE OF QUAIRADING**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019**  
**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

**FINDINGS**

**1. TRUST FUNDS TRANSACTED THROUGH MUNICIPAL BANK ACCOUNT**

**Finding:**

We noted that trust transactions are processed through the municipal bank account with journals being processed to transfer the funds received for these transactions to the trust bank account monthly.

**Rating:**

Significant

**Implication:**

Breach of Section 6.6(2) of the Local Government Act which requires municipal funds to be kept separate and distinct from trust funds. Furthermore, there is an increased risk of the Shire utilising trust moneys as part of the municipal fund.

**Recommendation:**

To help ensure compliance with statutory requirements and maintain adequate control over trust funds, all bona fide trust money should be transacted via the Trust bank account as and when the money is received or paid.

**Management Comment:**

Our current system relies on monthly adjustments to transfer funds from the Municipal to our Trust Bank Account. This occurs as we do not currently have systems in place to deposit all monies straight into the Trust Bank Account. For example, any payments by credit card will be deposited directly into our Municipal Bank Account. We are currently in discussion with our banking provider to ensure that all funds can be directly deposited into our Trust Account.

**Responsible Person:**

Nathan Gilfellon (Executive Manager of Corporate Services)

**Completion Date:**

30/06/2019

## SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

### FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

#### 2. MONTHLY RECONCILIATIONS

**Finding:**

During our review of month end reconciliations we noted:

- Whilst month end reconciliations have been performed as required, the following reconciliations:
  - Rates debtors;
  - Sundry debtors;
  - Sundry creditors; and
  - Manual rolling reconciliations

for March 2019 did not have evidence of having been reviewed by a senior officer independent of preparation;

- Reconciliation of the borrowings module to the general ledger was not performed since June 2018; and
- Reconciliation of the Municipal bank account has not been performed since February 2018.

**Rating:**

Moderate

**Implication:**

Reconciliations are a key control for ensuring data is completely and accurately reflected in the general ledger from which financial statements are derived. The absence of a documented review process by the Shire over the reconciliations can result in errors or omissions remaining undetected, leading to misstatements in the financial statements.

**Recommendation:**

- To help ensure the month end reconciliations are correct, as well as prepared regularly and promptly, they should be reviewed by a senior staff member. This review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.
- We recommend management implement at least a quarterly reconciliation process over borrowings.
- Bank reconciliations are of primary control importance and are the catalyst for many transactions in other ledger accounts. These should be brought up to date and maintained as such as a matter of priority.

**Management Comment:**

Significant staffing changes since December, have caused some reconciliations to fall behind and not be conducted in each month. Staff are currently working to get up to date and setting up new monthly checklists to ensure reconciliations are conducted monthly.

Written signed evidence of having a Senior Officer review and certify any reconciliation implemented.

At least Quarterly Reconciliation of Council's borrowings needs to be implemented.

**Responsible Person:**

Nathan Gilfellon (Executive Manager of Corporate Services)

**Completion Date:**

30/06/2019



## SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

### FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

#### 3. GENERAL JOURNALS

**Finding:**

During our review of general journals we noted the following:

- Instances where general journals were posted in the system without being authorised and independently reviewed by another person more senior than the preparer; and
- No evidence of independent review of monthly journals processed.

**Rating:**

Significant

**Implication:**

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent transactions may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

**Recommendation:**

To help maintain the integrity of the accounting system and ensure journals are correctly recorded, they should be reviewed and authorised by a senior staff member independent of preparation. This review should also seek to confirm the accuracy of the journals and should be evidenced accordingly.

**Management Comment:**

Management have setup a new system requiring two signatures (preparer and reviewer) for each general journal. This is ongoing and has been improving, with most breaches occurring early in the 2018/19 financial year.

**Responsible Person:**

Nathan Gilfellon (Executive Manager of Corporate Services)

**Completion Date:**

30/06/2019

ITEM 7      STANDING ITEMS – INTERNAL AUDIT

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*Audit & Risk Committee - Terms of Reference 7.5*

*No matters for consideration.*

## ITEM 8      STANDING ITEMS – FINANCIAL REPORTING

---

### **8.1      WANDRRA**

Please see attached a copy of the Outstanding WANDRRA Claims and Outstanding Creditor Accounts as at the 31<sup>st</sup> May 2019.

## WANDRRA CLAIMS REPORT

Number	Claim	Paid	Held	Ineligible	Due	Claims Submitted	To be claimed*	Claims Approved
1	\$177,798.75				\$0.00	3/10/2017		
2	\$466,371.28	\$483,127.52		\$153,400.00	\$0.00	26/10/2017		
3	\$594,596.42	\$475,677.13		\$0.00	\$0.00	30/01/2018	\$4,321.86	
4	\$667,119.75	\$533,695.80		\$5,350.50	\$0.00	30/01/2018	\$13,993.70	
		\$236,319.69						
5	\$467,506.98	\$458,276.48		\$0.00	\$0.00	27/03/2018		
6	\$503,314.09	\$503,314.09	\$0.00	\$0.00	\$0.00	9/05/2018		
7	\$454,576.03	\$454,576.03	\$0.00	\$0.00	\$0.00	9/05/2018		
8	\$466,355.85	\$466,355.85	\$0.00		\$0.00	1/06/2018		
9	\$512,090.88	\$512,090.88	\$0.00		\$0.00	25/06/2018		13/08/2018
10	\$532,666.71	\$532,666.71	\$0.00		\$0.00	12/07/2018		16/08/2018
11	\$374,269.51	\$374,269.51	\$0.00		\$0.00	24/07/2018		12/09/2018
12	\$155,498.69	\$155,498.69	\$0.00		\$0.00	13/09/2018		8/01/2019
13	\$314,734.80	\$306,824.30	\$0.00		\$0.00	24/10/2018		8/01/2019
14	\$489,752.47	\$489,752.47				19/11/2018		8/02/2019
15	\$410,137.68	\$410,137.68				17/12/2018		8/02/2019
16	\$316,204.65	\$316,204.65				4/02/2019		3/04/2019
17	\$84,797.27	\$84,797.27				11/03/2019		15/04/2019
18	\$68,389.08	\$68,389.10				11/03/2019		15/04/2019
19	\$22,311.50	\$22,311.50				21/03/2019		14/05/2019
20	\$2,324.00					20/05/2019		
<b>Total to Date</b>	<b>\$7,080,816.39</b>	<b>\$6,884,285.35</b>	<b>\$0.00</b>	<b>\$158,750.50</b>	<b>\$0.00</b>		<b>\$18,315.56</b>	

Letters written to Main Roads providing further detail and seeking approval to raise these amounts - Roadswest have followed up. Still with MRWA

#### WANDRRA Progress Report

All Contractors have completed their Respective Works and all Invoices have been submitted and fully Paid by Council

Claims 19 paid into Council's Bank 21/5/2019

Claim 20 being placed in Drop Box on 22/5/19 to Northam Main Roads for Assessment.

Unapproved amounts of \$4321.86 and \$13993.70 the subject of Letters sent to Main Roads.  
Allison Hunt advised Roadswest and CEO that these Claims will be assessed prior to the 30/6/19 deadline.

Any other relevant information

Roadswest have handed over all Original tender submissions, Daily Dockets, record of work done and Claims documents to the Shire Administration for Records Management.

Graeme Fardon  
CEO

ITEM 9      STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

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*Audit & Risk Committee - Terms of Reference 7.2*

*No matters for consideration.*

## ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

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*Audit & Risk Committee - Terms of Reference 7.1, 7.3*

### 10.1 Report on Excess Annual Leave and Long Service Leave

<b>Meeting Date</b>	11 <sup>th</sup> June 2019
<b>Responsible Officer</b>	EMCS Nathan Giffellon
<b>Reporting Officer</b>	SFO Jodie Yardley
<b>Attachments</b>	Nil
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

**That the Audit and Risk Committee Recommend to Council that: -**

**Council receive the report on the Shire's Annual Leave and Long Service Leave Liabilities as at the 31<sup>st</sup> May 2019.**

**VOTING REQUIREMENTS – Simple Majority**

---

#### IN BRIEF

- Information shows the current Annual and Long Service Leave for the 2018/19 Financial Year by Month
- There are no Employees with Excess Leave entitlements.

#### MATTER FOR CONSIDERATION

Report on Excess Annual Leave and Long Service Leave Entitlements and Leave Liabilities.

#### BACKGROUND

Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee.

The current policy defines excess leave is when the employee has accrued more than 8 week's paid annual leave.

#### STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

Excess Leave is defined as per the Industry Award: -

*“An Employee has an **excess leave accrual** if the employee has accrued more than 8 week's paid annual leave”*

#### POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

#### FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31<sup>st</sup> May 2019 is \$201,990 and a Projected Closing Balance as at the 30<sup>th</sup> June 2019 of \$162,894

Current Leave is treated as Accruals in the Annual Budget.

Any prior year Leave entitlements taken by Staff or paid out can be funded from the Annual and Long Service Leave Reserve Fund.

The current Liability for both types of Leave (if all Claimed on 31/05/2019) is calculated at \$251,004.

### **STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027**

#### **Governance Objective: Strong governance and community engagement**

<b>ITEM</b>	<b>OUTCOMES AND STRATEGIES</b>
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

### **COMMUNITY CONSULTATION**

N/A

### **RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.**

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefor Risk escalation, if Leave accruals are not monitored and managed.

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

Natural Environment – Risk Matrix Rating is considered as Low Risk

### **COMMENT**

This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As at the 31<sup>st</sup> May 2019, there are no employees with excess annual leave.

The CEO has approved of One Employee's Plan to take their Long Service Leave in three instalments.

There are no further Employees that have reached excess Long Service Leave Liabilities

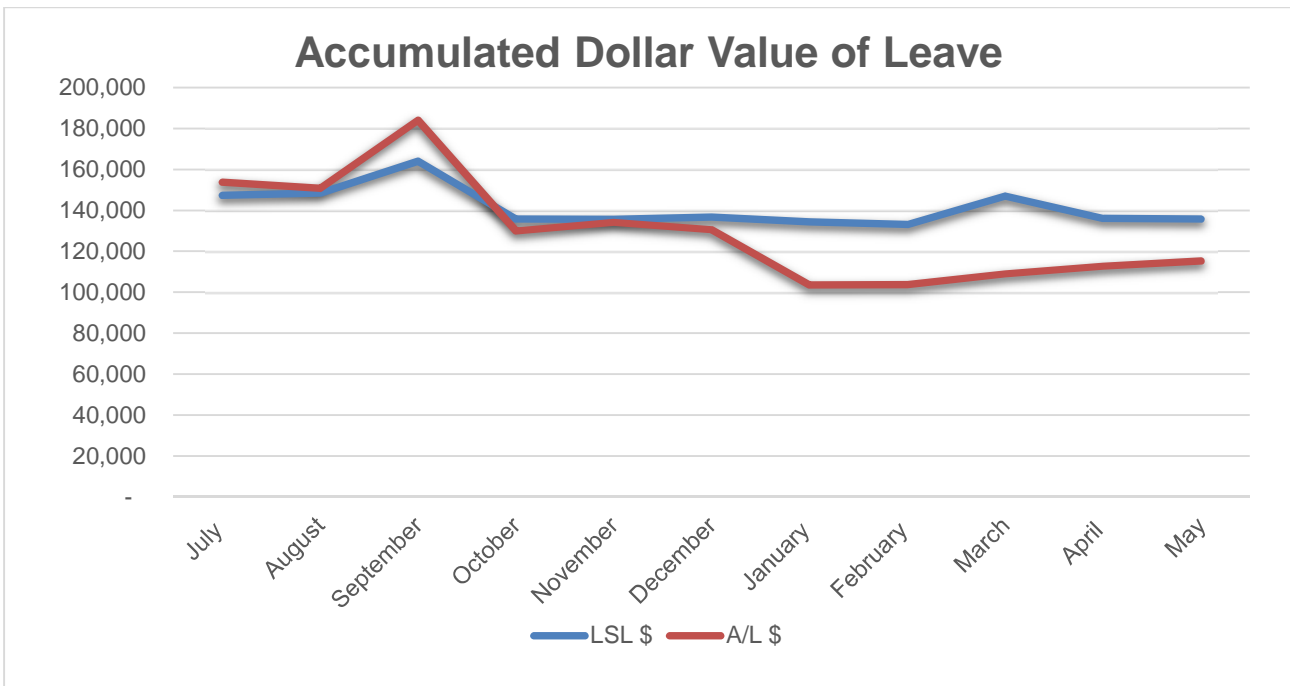
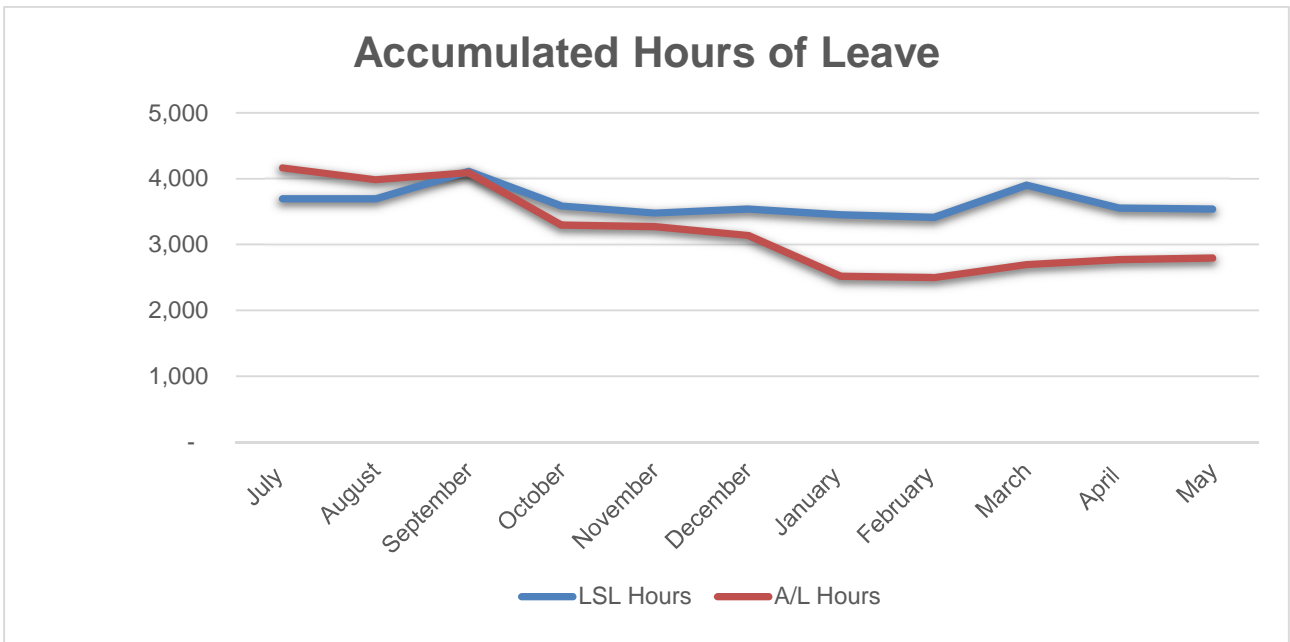
During the 2018/19 financial year, there has been a significant reduction of 25% (in Dollar Value) in the Annual Leave Liability through a combination of Retirements and current staff taking accrued Annual Leave.

The Long Service Leave Liability has been reduced by 17.3% (in Dollar Value) from the high in September 2018.

Increase in March is due to an employee being newly entitled to long service leave after 7 years of services. The decrease in April is due to payouts following the resignation of an employee with leave entitlements.

	<b>LSL Hours</b>	<b>LSL \$</b>	<b>AL Hours</b>	<b>AL \$</b>
<b>July</b>	3,696	147,281	4,165	153,719
<b>August</b>	3,696	148,420	3,984	150,760

<b>September</b>	4,113	164,099	4,093	184,068
<b>October</b>	3,588	135,714	3,294	129,947
<b>November</b>	3,478	135,647	3,273	134,268
<b>December</b>	3,538	136,792	3139	130,596
<b>January</b>	3,454	134,336	2,521	103,514
<b>February</b>	3,413	133,155	2,498	103,756
<b>March</b>	3,901	146,965	2,699	109,050
<b>April</b>	3,555	136,157	2,773	112,865
<b>May</b>	3,539	135,724	2,798	115,280





## ITEM 11 STANDING ITEMS – OTHER

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*Audit & Risk Committee - Terms of Reference 9.2*

### 11.1 Community Grants Scheme – 2019/2020

<b>Meeting Date</b>	11 <sup>th</sup> June 2019
<b>Responsible Officer</b>	Graeme Fardon CEO
<b>Reporting Officer</b>	Sarah Caporn GPO
<b>Attachments</b>	11.1 a Community Grants Assessment Matrix
<b>Owner/Applicant</b>	N/A
<b>Disclosure of Interest</b>	NIL

#### OFFICER RECOMMENDATION

**That the Shire through the Community Grant Process**

- 1 Allocates funds and resources to the value of \$32,320 in the 2019/20 Budget to the clubs and organisation listed; and**
- 2 Allocates additional funds and resources to the value of \$7,680 for the ongoing Grant 1 applications, and the second round of Grant 2 applications**

**VOTING REQUIREMENTS** – Simple Majority

#### IN BRIEF

- Community Grant Process was reviewed and updated in late 2018.
- A second iteration of the Community Grant Process was held in March 2019.
- Fifteen applications were received to the value of \$32,320.
- Details of each Application have been provided for Committee Consideration and Recommendation to Council.
- All applications were evaluated by the Grant Team based on criteria in the Grant Guidelines.
- Grant 1 (max value \$500) – applications are open to the end of 2019/20 Financial Year.
- Grant 2 (max value \$2,500) – a second round of applications will be open in September 2019.
- Process will be reviewed in November 2019.

#### MATTER FOR CONSIDERATION

Evaluation of Community Grant Applications received by Grants Project Officer on 7<sup>th</sup> June 2018.

Further Details on the Applications and Weighted Scores have been provided below in this Report

#### BACKGROUND

At the December 2018 Council Meeting the Council adopted a revised Community Grants Policy and supporting documentation.

The policy document provides the framework for the Shire to request applications from Sporting and Recreation Clubs for grant funding in the following financial year. The revised policy allowed for four distinct grant categories.

**Grant 1 - up to \$500 per annum** - This is a quick turnaround grant that is approved by the CEO for in-kind contributions up to the value of \$500 per annum. Grant 1 applications can be made at any

time of the year. In-kind contributions can be for the costs associated with hiring shire facilities or services.

**Grant 2 – Minor Projects \$500 to \$2500** - This is for slightly larger events or projects. Grant 2 applications are open in two rounds – Round One closes on 31<sup>st</sup> March and Round 2 on 30<sup>th</sup> September. Organisations can apply one per round (max. of two applications per year).

**Grant 3 – Major Projects over \$2500** - This grant is offered once per year and is for amounts over \$2500 in value. It is Council's policy that the Shire will fund up to one third of total project costs with the other two thirds coming from the organisation or an external funding body.

**Grant 4 – Annual / Recurrent Funding** - This grant is designed for organisations who operate or maintain clubrooms within the Shire. Funding is extended to groups to maintain or improve their facilities.

The window of opportunity for submitting Community Grant Applications was from 27<sup>th</sup> February to 30<sup>th</sup> March 2019.

A total of fifteen (15) submissions were received requesting funding for projects or events with a total value of \$32,320. This includes \$1,820 of in-kind support.

This was the second iteration of the process and seems to have worked well so far.

Evaluation of Grant applications has been revisited and re-presented to the Council providing addition information on the contents and the evaluation of the individual grants.

Feedback will be provided to all applicants on their grant submissions.

## STATUTORY ENVIRONMENT

*Local Government Act 1995.*

## POLICY IMPLICATIONS

Community Grant Policy

## FINANCIAL IMPLICATIONS

2019/2020 Budget – Subject to Applications received and supported.

No Maximum Funding Pool (as a % of Rates) is proposed in the Policy.

A second round of funding will open in September 2019 for summer sports to apply. These applications will be recognised as part of the usual Budget Review process.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

**Social Objective: Active, healthy, safe and inclusive community**

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community

**Governance Objective: Strong governance and community engagement**

ITEM	OUTCOMES AND STRATEGIES	WORKING WITH
ITEM	OUTCOMES AND STRATEGIES	
G1	Robust Integrated Planning and Reporting (IPR)	
G1.1	Continual improvement in IPR, transparency and accountability	
G3	Community Engagement	
G3.2	Collaborate with the community to achieve desired outcomes	

## COMMUNITY CONSULTATION

The 2019/20 Process was officially launched on Wednesday 27th February. Community members were invited to attend as officers from LotteryWest and Healthway were also visiting Quairading at that time.

Policy and Grant Application forms were forwarded via Mail Chimp to all Sporting and Recreation Clubs

Links to the Policy and Grant Application Forms were provided on social media, the Shire website and were available as hardcopies at the CRC and the Shire Office.

## RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

### ***Financial - Risk Matrix Rating is considered Low***

Will reduce risk to Council and the Clubs / Organisations through better planning and delivery of Projects supported by the Shire

### ***Health – Risk Matrix Rating is considered Low***

### ***Reputation – Risk Matrix Rating is considered Low***

With the introduction of Policy and Scheme, this will increase transparency and accountability of both the Shire, the clubs and organisations.

### ***Operation – Risk Matrix Rating is considered Low***

### ***Natural Environment – Risk Matrix Rating is considered Low.***

## COMMENT

- Fifteen grant applications were received
- Assistance was provided to a number of clubs to ensure the applications were completed correctly
- All grant applications met the selection criteria outlined in the Grant Guidelines
- Grants Project Officer will provide feedback to all Clubs and Organisations on applications submitted.
- Grant 1:
  - Open to further applications for the duration of 2019/20 Financial Year.
- Grant 2:
  - A second round to be opened in September 2019
- To deliver the ongoing Grant 1 & 2 applications will need to allocate additional resources above sum requested in March 2019 round of the Community Grant Process.
- Grant Team to follow up on recipients of the 2018/19 Program for reports and acquittals.
- Grant Team will review the Community Grant Process in November 2019

## COMMUNITY GRANT APPLICATION EVALUATION WEIGHTING

GRANT TYPE	NAME	PROJECT DETAILS	\$ REQUESTED	WEIGHTED SCORE
Grant 1	Quairading Netball Club	Junior Netball Camp	\$300.00	4.6
Grant 1	Quairading Photo Club	Hire of CRC Meeting Room	\$200.00	4.4
Grant 1	Quairading Badminton Club	Hire of Town Hall for games and kitchen for Open Day	\$570.00	4.0
		<b>SUB-TOTAL (GRANT 1)</b>	<b>\$1,070.00</b>	

GRANT TYPE	NAME	PROJECT DETAILS	\$ REQUESTED	WEIGHTED SCORE
Grant 2	Quairading Football Club	Associated costs towards building a Storeroom	\$2,500.00	4.6
Grant 2	Quairading CRC	Contribution towards a public art mural and community workshop	\$1,900.00	4.6
Grant 2	Quairading Swimming Club	Erecting a noticeboard at Qdg Pool	\$1,000.00	4.6
		<b>SUB-TOTAL (GRANT 2)</b>	<b>\$5,400.00</b>	

GRANT TYPE	NAME	PROJECT DETAILS	\$ REQUESTED	WEIGHTED SCORE
Grant 3	Quairading Agricultural Society	Show Day entertainment	\$3,000.00	5.0
		<b>SUB-TOTAL (GRANT 3)</b>	<b>\$3,000.00</b>	

<b>GRANT TYPE</b>	<b>NAME</b>	<b>PROJECT DETAILS</b>	<b>\$ REQUESTED</b>	<b>WEIGHTED SCORE</b>
<b>Grant 4</b>	Quairading Golf Club	Contribution towards costs of repairing cool room refrigeration coil	\$3,500.00	5.0
<b>Grant 4</b>	Wamenusking Sports Club	General building maintenance & electricity costs	\$1,500.00	5.0
<b>Grant 4</b>	South Carolling Social Club	Annual Support from Shire towards operating costs of the Club	\$1,500.00	5.0
<b>Grant 4</b>	QARRAS	Towards hire of the Community Bus	\$750.00	5.0
<b>Grant 4</b>	Quairading Bowling Club	Annual Support from Shire for Bowling Surface Loan Repayment	\$10,000.00	4.8
<b>Grant 4</b>	Pantapin Progress Assn	Siding repairs and painting exterior of Pantapin Hall	\$1,000.00	4.4
<b>Grant 4</b>	Tourism and Tidy Towns Committee	Operating costs for group	\$3,000.00	4.4
<b>Grant 4</b>	Doodenanning Sports Club	Adding a concrete slab to Hall entrance	\$1,600.00	4.0
		<b>SUB-TOTAL (GRANT 4)</b>	<b>\$22,850.00</b>	
		<b>GRAND TOTAL REQUESTED</b>	<b>\$32,320.00</b>	
		<i>IN-KIND</i>	<i>\$1,820.00</i>	
		CASH	\$30,500.00	

**SCORE: 1 POOR 5 EXCELLENT**

# Community Grant Assessment

2019-2020

Grants Team

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<b>Grant Type:</b>	<b>1</b>	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Photo Club		
<b>Contact Person</b>	Janet Hall	<b>Position</b>	<b>Sect.</b>
<b>Contact Phone</b>	0429 454 214		
<b>Project Description</b>	Hire of CRC Meeting Room for monthly meetings (Feb to Nov)		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the request align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	This club provides a way for local people to come together with a common interest to share experiences and learn new skills.	
• Benefits to the Community		

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	No	
• Structure & activities	Monthly meetings, annual calendar	
• Membership Numbers	15	
• Financial Management ( <i>strong v weak</i> )	Strong	
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	N/A	
• Management and delivery of project (incl. schedule)	N/A	
• Project Budget Breakdown – Total Project Cost	\$200	
<b>Applicant Group / Club</b>	\$0	
<b>Council</b>	\$200	
<b>Other External Funding</b>	\$0	
• Capacity to meet any ongoing costs of project	-	

<b>Comments:</b>	Photo club is a small community recreational group which meets one evening per month. The Club is seeking in-kind assistance from the Council.
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<b>Grant Type:</b>	<b>1</b>	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Badminton Club		
<b>Contact Person</b>	Renee Anderson	<b>Position</b>	<b>Sect.</b>
<b>Contact Phone</b>	0427 042 036		
<b>Project Description</b>	Hire of Hall for weekly play during Terms 2 & 3 and hire of Hall Kitchen for Open Day		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the request align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	To encourage community members to participate in a physically active lifestyle	
• Benefits to the Community		

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	No	
• Structure & activities	Meets weekly on Tuesdays during winter and one annual Open Day tournament	
• Membership Numbers	15	
• Financial Management ( <i>strong v weak</i> )	Strong	
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>3</b>
• Planning and design of project	N/A	
• Management and delivery of project (incl. schedule)	N/A	
• Project Budget Breakdown – Total Project Cost		
<b>Applicant Group / Club</b>	\$0	
<b>Council</b>	\$570	
<b>Other External Funding</b>	\$0	
• Capacity to meet any ongoing costs of project	-	

<b>Comments:</b>	Request for in-kind support from the Council for the use of the Shire Hall for the duration of the Badminton Season including 1 x Open Day
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<b>Grant Type:</b>	<b>1</b>	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Junior Netball Club		
<b>Contact Person</b>	Kelsie Squiers	<b>Position</b>	President
<b>Contact Phone</b>	0427 061 278		
<b>Project Description</b>	Hire of Community Building and Court Fees for Junior Netball Camp		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the request align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	To encourage community members to participate in a physically active lifestyle	
• Benefits to the Community	Juniors are mentored by Belles and a specialist coach for a fun weekend of netball games and skills sessions	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Weekly trainings and inter-town games and tournaments	
• Membership Numbers	45	
• Financial Management ( <i>strong v weak</i> )	Strong	
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	N/A	
• Management and delivery of project (incl. schedule)	N/A	
• Project Budget Breakdown – Total Project Cost	\$779.50	
Applicant Group / Club	\$600.00	
Council	\$179.50	
Other External Funding	\$0.00	
• Capacity to meet any ongoing costs of project	-	

<b>Comments:</b>	Successful event in 2018. Hoping to repeat in 2019. Any contribution from Council allows the club to lower costs for participants.
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<b>Grant Type:</b>	1	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Aquatic Club		
<b>Contact Person</b>	Renee Anderson	Position	Sect.
<b>Contact Phone</b>	0427 042 036		
<b>Project Description</b>	Installation of a weatherproof pin-up board for displaying Club Notices at the Quairading Memorial Pool		

<b>Criteria 1 – Community (40%)</b>		<b>SCORE</b>	<b>4</b>
• Does the request align with Shire's Strategic Community Plan?	S1.1 & S1.2.		
• Identified and demonstrated need?	To encourage community members to participate in a physically active lifestyle.		
• Benefits to the Community	Notice board will encourage current and new swimmers to participate in upcoming events, acknowledge achievements of current members to challenge their times and personal bests; display historical information of the Club and its long-time members; display health promotional materials for the wider community.		

<b>Criteria 2 – Organisation (20%)</b>		<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes		
• Structure & activities	2 x weekly sessions and inter-town meets		
• Membership Numbers	51		
• Current Financial position	<b>Transaction</b>	\$1617	
	<b>Reserves</b>	\$6413	
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong		

<b>Criteria 3 – Project Cycle (40%)</b>		<b>SCORE</b>	<b>5</b>
• Planning and design of project	Completed although final dimensions and design yet to be decided		
• Management and delivery of project (incl. schedule)	Yes		
• Project Budget Breakdown – Total Project Cost	\$1600		
	<b>Applicant Group / Club</b>	\$600	
	<b>Council</b>	\$1000	
	<b>Other External Funding</b>	-	
• Capacity to meet any ongoing costs of project	Yes		

<b>Comments:</b>	Quairading Aquatic Club is an active sporting group. The majority of its revenue generated by membership goes to membership of Swimming WA
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<b>Grant Type:</b>	1	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Community Resource Centre		
<b>Contact Person</b>	Jill Hayes	<b>Position</b>	Coordinator
<b>Contact Phone</b>	08 9645 0096		
<b>Project Description</b>	Financial contribution towards a public mural project and workshop series by Luke O'Donohoe.		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S 1.2.	
• Identified and demonstrated need?	Community Art Survey completed in 2016 asking for more public art in town	
• Benefits to the Community	Workshops are free to attend so accessible to all community members and provide space to learn skills that will then be utilised in a larger design.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Achieves a key objective in their own Strategic Plan	
• Membership Numbers	175	
• Current Financial position	<b>Transaction</b>	\$9,307
	<b>Reserves</b>	\$201,277
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	Yes	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$7,340	
	<b>Applicant Group / Club</b>	\$600
	<b>Council</b>	\$1,900
	<b>Other External Funding</b>	\$4,840 (Lotterywest, pending)
• Capacity to meet any ongoing costs of project	One-off program	

<b>Comments:</b>	A one-off program including free workshops for the community and a street art mural. A further means for promoting the Quairading Community. But is contingent on external funding and sourcing spaces
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<b>Grant Type:</b>	1	2	3	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Football Club		
<b>Contact Person</b>	Kelli Brown	<b>Position</b>	Treas.
<b>Contact Phone</b>	0429 457 039		
<b>Project Description</b>	Financial contribution towards the secure storage space (shelving and cabinets) at Football Clubrooms		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	This space provides a more secure place for club records, merchandise and equipment storage.	
• Benefits to the Community	Assists the club to have better security of club funds, records, player property and merchandise on game days as well as freeing up space at volunteers homes. The space can be shared with Cricket and Hockey Clubs.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	2 x weekly trainings and inter-town games	
• Membership Numbers	81	
• Current Financial position	<b>Transaction</b>	\$38,270
	<b>Reserves</b>	\$91,000
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$6,900	
	<b>Applicant Group / Club</b>	\$2,500
	<b>Council</b>	\$2,500
	<b>Other External Funding</b>	\$1,900 (CBH Grass Roots)
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	Project delivered before budget deliberations by Council Final fitout of storage area yet to be procured
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<b>Grant Type:</b>	1	2	<b>3</b>	4
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Agricultural Society		
<b>Contact Person</b>	Peter Smith	<b>Position</b>	President
<b>Contact Phone</b>	0427 817 707		
<b>Project Description</b>	Financial contribution towards Show Day entertainment		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2. & S4.2	
• Identified and demonstrated need?	Annual event brings the community together. The Show entertainment caters for a wide range of age groups (particularly youth and families)	
• Benefits to the Community	Whole community comes together. Preliminary plans for hosting 2019 NAIDOC celebrations for Quairading at the Ag. Show this year.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Strong active committee holds regular planning meetings to be ready for Show Day on 12 October	
• Membership Numbers	400+	
• Current Financial position	<b>Transaction</b>	\$774.54
	<b>Reserves</b>	\$33,851.20
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$18,675	
	<b>Applicant Group / Club</b>	\$8,675
	<b>Council</b>	\$3,000
	<b>Other External Funding</b>	\$7,000 (Lotterywest, CSBP, CBH)
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	<p>Quairading Agriculture Show is an annual event delivered by the Quairading Agricultural Society.</p> <p>It is a jointly funded program through Society's own resources, grants and Council support.</p> <p>It is a high profile event for the Quairading Community</p>
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Item/Activity	Supplier	Council Funding (ex GST)	Club & External Funding
Simulator and cup & saucer	James Doyle Amusements	\$1,000	\$2,700
Climbing wall	PCYC Belmont WA	\$500	\$1,865
Laser tag	Laser Corp Bayswater WA	\$500	\$1,370
Face painting	Star Bright	\$ -	\$650
Kids magic show	Sparkles Magic Baldivis WA	\$ -	\$740
Face painting	Sheree Lowe	\$ -	\$400
Lifestyle Marquee hire	Widdesons Hire Service	\$ -	\$6,000
Video games	Game Vault	\$1,000	\$1,950
	<b>Sub-Total Budget</b>	<b>\$3,000</b>	<b>\$15,675</b>
	<b>TOTAL</b>	<b>\$18,675</b>	



<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Doodenanning Sports Club		
<b>Contact Person</b>	Phil Dicker	<b>Position</b>	President
<b>Contact Phone</b>	0418 933 126		
<b>Project Description</b>	Maintenance costs for Doodenanning Hall (specifically a 7m x 4m cement slab at entry)		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>4</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	To provide safe entry and access to main hall. The current slab has been undermined by rabbits and is unsafe.	
• Benefits to the Community	This hall is a hub for surrounding residents. The hall is used by the local Bush Fire Brigade, South Mortlock Catchment group, family reunions, funerals and wakes and other social functions.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Community hub for events	
• Membership Numbers	25	
• Current Financial position	<b>Transaction</b>	\$1,014
	<b>Reserves</b>	\$9,518
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$1,600	
Applicant Group / Club	\$0	
Council	\$1,600	
Other External Funding	\$0	
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	The Doodenanning Club has been a regular recipient of Shire recurrent grant funding which has assisted it in maintaining and upgrading the clubs facilities. Club funds were used to renovate kitchen in 2018 and refurbish leach drain in 2017. This project is seen as a risk mitigation upgrade to the facility.
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Wamenusking Sports Club		
<b>Contact Person</b>	Renee Anderson	Position	Sect.
<b>Contact Phone</b>	0427 042 036		
<b>Project Description</b>	Maintenance and utility costs for Wamenusking clubrooms		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2. & B2.2	
• Identified and demonstrated need?	Maintenance is undertaken by club members so the Shire kindly provide a donation back to the club in recognition of this work. The Club have some upgrades planned for their site (installing a play area and researching solar panels).	
• Benefits to the Community	This hall is a hub for surrounding residents. The building is regularly used in the summer for tennis and archery but also by the local Bush Fire Brigade, Catchment group, visiting caravan clubs and other social functions.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities		
• Membership Numbers	34	
• Current Financial position	<b>Transaction</b>	\$3907.22
	<b>Reserves</b>	\$62,565.03 (Court resurfacing reserve)
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$1,500	
Applicant Group / Club	\$0	
Council	\$1500	
Other External Funding	\$0	
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	Request for recurrent grant funding to subsidise the Club' s Operation and Maintenance Costs Electricity (Synergy)      \$800 Building Repairs            \$700 Club is currently investigating the possibility to install solar panels in the future to reduce Club's operating costs (external grant funding)
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Pantapin Progress Association		
<b>Contact Person</b>	Pam Caporn	<b>Position</b>	Sect./Treas.
<b>Contact Phone</b>	0455 050 479		
<b>Project Description</b>	Rear wall maintenance and upkeep for Pantapin Hall		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2. & N.E. 1 & B2.2	
• Identified and demonstrated need?	Repair back (north facing) wall of the Hall. Proposal is to remove the cladding and install Colourbond Custom Orb sheeting which will make the wall weatherproof. Also paint all exterior doors.	
• Benefits to the Community	Heritage building.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Hall is available for hire but also used by South Yoting Catchment Group for meetings and storage of records	
• Membership Numbers	3 volunteers	
• Current Financial position	<b>Transaction</b>	\$2,812.90
	<b>Reserves</b>	\$0
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	Quote received	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$2,210	
Applicant Group / Club	\$1,210	
Council	\$1,000	
Other External Funding	\$0	
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	Recently removed grid power connection and added a generator plug so this is no longer a major expense for the group. Application indicated a need to look at painting all of the exterior weatherboards in the coming years but if they can just make the north wall weatherproof now, the Hall will look in a much better state.
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	South Caroling Social Club		
<b>Contact Person</b>	Hayden Richards	<b>Position</b>	Pres.
<b>Contact Phone</b>	0427 466 269		
<b>Project Description</b>	Maintenance and utility costs for South Caroling Hall		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2. & N.E.	
• Identified and demonstrated need?	Maintenance is undertaken by club members so the Shire kindly provide a donation back to the club in recognition of this work.	
• Benefits to the Community	This hall is a hub for surrounding residents. The hall provides a gathering place for local residents for sport and other social functions.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Managed by committee of active volunteers. The building and courts are regularly used in the summer for tennis but also by the local Bush Fire Brigade and can be hired for funerals or celebrations.	
• Membership Numbers	25	
• Current Financial position	<b>Transaction</b>	\$6,704
	<b>Reserves</b>	\$28,084
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$5,640	
Applicant Group / Club	\$4,140	
Council	\$1,500	
Other External Funding	\$0	
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	Shire has provided annual subsidy to the club to assist with operation and maintenance of the club facilities Funds from Council assist the club to meet basic operating costs such as Liability and Building Insurances (\$4500), Utilities (\$690) and Pest Treatment (\$450).
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Bowling Club		
<b>Contact Person</b>	Gwen Powell	<b>Position</b>	<b>Sect.</b>
<b>Contact Phone</b>	08 9645 0174		
<b>Project Description</b>	Payment of resurfacing loan as per existing arrangement (\$10,000 per annum until 2021/22)		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	The Shire granted a self-sustaining loan in 2009 for the bowls surface to be changed from lawn to artificial. This application recognises that existing arrangement.	
• Benefits to the Community	The Club provides facilities for the community to play bowls. They have an active club with many players and a strong committee.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	Managed by committee of active volunteers. The clubrooms and playing surface are regularly used by bowls players, visitors and also utilised for other functions for the community.	
• Membership Numbers	76	
• Current Financial position	<b>Transaction</b>	\$53,008.11
	<b>Reserves</b>	\$92,935.05
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$38,124.52	
Applicant Group / Club	\$28,124.52	
Council	\$10,000.00	
Other External Funding	\$0.00	
• Capacity to meet any ongoing costs of project	Yes	



<b>Comments:</b>	Recurrent financial support to the Bowling Club is part of an ongoing agreement re: repayment of the existing loan for the lawn surface
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	QARRAs Group		
<b>Contact Person</b>	Shirley Stacey	<b>Position</b>	<b>Sect./Treas.</b>
<b>Contact Phone</b>	08 9645 1348		
<b>Project Description</b>	Hire of the Community Bus for Outings for Seniors (750km)		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
<ul style="list-style-type: none"> <li>• Does the project align with Shire's Strategic Community Plan?</li> </ul>	S1.1 & S1.2.	
<ul style="list-style-type: none"> <li>• Identified and demonstrated need?</li> </ul>	Elderly people can easily become isolated and lonely so the club organises outings and activities to bring seniors together in fun and fellowship. They seek assistance for travel costs for outings that are beyond the Quairading townsite.	
<ul style="list-style-type: none"> <li>• Benefits to the Community</li> </ul>	QARRAs is the only organisation dedicated to the wellbeing and social connection of seniors in Quairading. They organise outings for the group to travel to surrounding towns or to Perth in the Community Bus.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
<ul style="list-style-type: none"> <li>• Incorporated body? Does it have a Constitution?</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>• Structure &amp; activities</li> </ul>	The club usually meets once or twice a month with games, bingo, guest speakers or outings.	
<ul style="list-style-type: none"> <li>• Membership Numbers</li> </ul>	41	
<ul style="list-style-type: none"> <li>• Current Financial position</li> </ul>	<b>Transaction</b>	\$2,314.22
	<b>Reserves</b>	\$0
<ul style="list-style-type: none"> <li>• Capacity to Complete Project (<i>strong v weak</i>)</li> </ul>	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
<ul style="list-style-type: none"> <li>• Planning and design of project</li> </ul>	Completed	
<ul style="list-style-type: none"> <li>• Management and delivery of project (incl. schedule)</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>• Project Budget Breakdown – Total Project Cost</li> </ul>	\$675	
	<b>Applicant Group / Club</b>	\$0
	<b>Council</b>	\$675

<b>Other External Funding</b>	\$0
<b>• Capacity to meet any ongoing costs of project</b>	Yes

<b>Comments:</b>	<p>Is an annual subsidy (in-kind) received by the QARRAS to allow members to participate in events and activities outside of Quairading.</p> <p>Community Bus hire rates have been reduced since application from  <math>750\text{km} \times \\$1.75 = \\$1312.50</math>  to  <math>750\text{km} \times \\$0.90 = \\$675.00</math></p>
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Tourism and Tidy Towns Committee		
<b>Contact Person</b>	Ivy Osbourne	<b>Position</b>	Pres.
<b>Contact Phone</b>	0429 799 853		
<b>Project Description</b>	Annual donation from Council towards club activities and work.		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	The QTTTC main aim is to keep our town clean and tidy. They also work to welcome visitors and run the quarterly Carpark Markets.	
• Benefits to the Community	This Committee provides a valuable service to the community. They open the Visitors Centre 3-4 x per week and run a regular town tidy-up day.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>4</b>
• Incorporated body? Does it have a Constitution?	No	
• Structure & activities	The club usually meets monthly but organises busy bee events and other tasks throughout the year.	
• Membership Numbers	15	
• Current Financial position	<b>Transaction</b>	\$2,877.47
	<b>Reserves</b>	\$10,000.00
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>4</b>
• Planning and design of project	Completed	
• Management and delivery of project (incl. schedule)	Yes	
• Project Budget Breakdown – Total Project Cost	\$8,000.00	
	<b>Applicant Group / Club</b>	\$5,000.00
	<b>Council</b>	\$3,000.00
	<b>Other External Funding</b>	\$0.00
• Capacity to meet any ongoing costs of project	Yes	

<b>Comments:</b>	QTT&TC provides volunteer services promoting the Shire and the Community. Past recurrent funding has been used for operational costs to run the Quairading Visitor Centre, town clean-ups, weekend markets and contributions to other community projects. QTT&TC has recently installed air conditioning to Railway Station for \$2726.50
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<b>Grant Type:</b>	1	2	3	<b>4</b>
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<b>Applicant Information</b>			
<b>Name of Club/ Organisation</b>	Quairading Golf Club		
<b>Contact Person</b>	Janine Anderson	<b>Position</b>	Treas.
<b>Contact Phone</b>	0400 085 235		
<b>Project Description</b>	Financial support towards the cost of permanently replacing the refrigerator coil in Club's cool room.		

<b>Criteria 1 – Community (40%)</b>	<b>SCORE</b>	<b>5</b>
• Does the project align with Shire's Strategic Community Plan?	S1.1 & S1.2.	
• Identified and demonstrated need?	The cool room coil keeps breaking down and the club cannot afford to keep repairing it as a temporary solution (last bill was \$904). It needs replacement to fix the issue permanently.	
• Benefits to the Community	Keeping the cool room going is vital for the club. It ensures food safety is maintained when serving meals and drinks for tournaments and club functions. This is an expense the club has not budgeted for and Council support means that the club won't delay the work (or pay over two years – part one year and installation the next). They pay to have the cool room serviced annually by Keith Johnston and Hills Refrigeration.	

<b>Criteria 2 – Organisation (20%)</b>	<b>SCORE</b>	<b>5</b>
• Incorporated body? Does it have a Constitution?	Yes	
• Structure & activities	The club meets regularly with weekly golf for ladies, men and juniors. They also host charity days, two major tournaments and other functions throughout the season.	
• Membership Numbers	61 + 30 juniors	
• Current Financial position	<b>Transaction</b>	\$3,456
	<b>Reserves</b>	\$10,390
	<b>Trust Funds</b>	\$42,000
• Capacity to Complete Project ( <i>strong v weak</i> )	Strong	

<b>Criteria 3 – Project Cycle (40%)</b>	<b>SCORE</b>	<b>5</b>
• <b>Planning and design of project</b>	Completed	
• <b>Management and delivery of project (incl. schedule)</b>	Yes	
• <b>Project Budget Breakdown – Total Project Cost</b>	\$3,570	
<b>Applicant Group / Club</b>	\$70	
<b>Council</b>	\$3,500	
<b>Other External Funding</b>	-	
• <b>Capacity to meet any ongoing costs of project</b>	Yes	

<b>Comments:</b>	<p>Golf Club is an annual recipient of recurrent funding from the Shire which has assisted it in the operation and maintenance of club facilities</p> <p>This request is for repairs to the existing cool room to</p> <ul style="list-style-type: none"> <li>i) Reduce operating and longer-term maintenance costs; and</li> <li>ii) Ensure safe food practices</li> </ul>
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## 11.2 Annual Assessment Report on Community Engagement

<b>Meeting Date</b>	11 <sup>th</sup> June 2019
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	IPR/SPO Richard Bleakley
<b>Attachments</b>	11.2 a Strategic Community Plan 2017-2027 11.2 b CS.4 Community Engagement Policy
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

### OFFICER RECOMMENDATION

**That the Audit & Risk Committee Recommend to Council:**

**That Council adopt the Annual Assessment Report of Council's Community Engagement for the 2018/19 year.**

### VOTING REQUIREMENTS – Simple Majority

#### IN BRIEF

- Local governments must plan for the future. Local Councils in Western Australia are legally required to conduct public consultation through a prescribed process on a range of specific matters.
- Regulation requires local governments to have a Strategic Community Plan that together with a Corporate Business Plan forms a plan for the future of a district.
- Community consultation is a key component of the Integrated Planning and Reporting requirements of the Local Government (Administration) Regulations 1996. The Shire's Strategic Community Plan has identified 'Strong governance and community engagement' as one of its five (5) key objectives and lists Strategy G3 – Community Engagement as an issue to be addressed. Each strategy has a specific goal, a commitment to the community and a set of methodologies.
- It is noted that the Plan is a living document that will reflect feedback from the Community and is therefore subject to change and refinement, by management, as the engagement process evolves.
- The objective of the Shire of Quairading Community Engagement Policy is to provide guidance to Councillors and Officers in planning, implementing and reviewing community engagement and consultation for key projects, strategic planning and policy development. This is to ensure informed decision-making, transparency, timely and effective communication with key stakeholders and the general community.

#### MATTER FOR CONSIDERATION

For Council to adopt the Annual Assessment Report in accordance with the Shire's Community Engagement Policy.

## BACKGROUND

Currently, local governments are required to engage with the community when creating their ten-year Strategic Community Plan. The community must also be consulted on such matters as local laws, differential rates, planning and other matters and aspirations that are relevant to the diverse needs of individuals within a community. The current extent of community engagement simply stops at inviting submissions but engagement should be more than that.

Best practice in community engagement goes beyond the requirement to simply consult and can be more impactful when decision making is done in conjunction with the community from the beginning of a project proposal. Establishing effective partnerships between local government and communities results in a greater sense of ownership, greater take-up of services and initiatives, and better outcomes for all community groups, reducing the chances of marginalisation while encouraging unified community outcomes.

Community engagement also needs to allow for socially disadvantaged groups within a community to engage and highlight the important issues that may not be captured by traditional amenities or methods. There is a need for local governments to have systems in place to help identify how to adequately engage different stakeholders in the community, such as Culturally and Linguistically Diverse (CaLD), Aboriginal people, Youth, Children, Seniors, and people with disabilities.

Effective community engagement contributes to building trust between the community and the Council and raises the quality of decision making which reflects the needs and aspirations of the community. Community engagement works best where it is an ongoing process enabling relationships and trust to build and strengthen over time, and strengthens representative democracy while building community capacity.

## STATUTORY ENVIRONMENT

*Local Government Act 1995* – s.5.56 Planning for the future

Local Government (Administration) Regulations 1996 – Reg 19(c)(9)

*(9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.*

## POLICY IMPLICATIONS

Strategic Community Plan 2017-2027  
CS.4 Community Engagement Policy

## FINANCIAL IMPLICATIONS

N/A

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

**Social Objective: Active, healthy, safe and inclusive community**

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community



## Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability
G3	Community Engagement
G3.2	Collaborate with the community to achieve desired outcomes

### SHIRE OF QUAIRADING POLICY

#### CS.4 COMMUNITY ENGAGEMENT POLICY

#### EVALUATION

An Annual Assessment of the level of engagement achieved to be reported to the June Audit & Risk Committee.

#### COMMUNITY CONSULTATION

Community consultation is a key component of the Integrated Planning and Reporting requirements of the Local Government (Administration) Regulations 1996. The Shire's Strategic Community Plan 2017 - 2027 has identified "Strong governance and community engagement" as one of its five (5) key objectives and lists Strategy G3 – Community Engagement as an issue to be addressed.

The Shire's Community Engagement Policy stipulates an Annual Assessment be undertaken to gauge the level of community engagement achieved, and report back to the Audit and Risk Committee Meeting each June.

#### Shire of Quairading Community Engagement Policy

#### Annexure A: Principles for Community Engagement

	Inform	Consult	Involve	Report/Evaluation
Public Participation Goal	To provide the public with timely, balanced and objective information to assist them in understanding the problem alternatives, opportunities and/or solutions.	To capture community feedback on analysis, alternatives and or decisions impacting on strategic plans, directions, issues, priorities and projects.	To work on an ongoing basis with the community to ensure that community ideas, concerns and aspirations are listened to and understood and that community knowledge is harnessed for the benefit of all.	Council to provide feedback on Shire decisions.
Promise to the public	Council is to work with you on an ongoing basis to ensure your ideas, concerns and aspirations are considered.  Council is to keep you informed.	Council is to listen to you, consider your ideas and keep you informed and acknowledge concerns and aspirations.	Work directly with the public on an ongoing basis to ensure that your ideas, concerns and aspirations are considered.	Council to provide feedback on how public input influenced Council decisions.

Example techniques	<ul style="list-style-type: none"> <li>• Newspapers</li> <li>• Newsletters</li> <li>• Radio</li> <li>• Posters</li> <li>• SMS/email</li> <li>• Website</li> <li>• Facebook</li> <li>• MailChimp</li> <li>• Banksia Bulletin</li> </ul>	<ul style="list-style-type: none"> <li>• Public comment</li> <li>• Focus groups</li> <li>• Surveys biennial (March)</li> <li>• Consultative workshops</li> <li>• Individuals and or Business.</li> <li>• Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Council Committees/Forums</li> <li>• Working groups</li> <li>• User groups</li> <li>• Volunteer groups</li> </ul>	<ul style="list-style-type: none"> <li>• Direct response</li> <li>• Newsletters</li> <li>• SMS/email</li> <li>• Website</li> <li>• Customer Service Survey</li> <li>• Facebook</li> <li>• MailChimp</li> </ul>
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### Shire of Quairading Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement	Overall satisfaction with Shire performance <sup>1</sup>	Two-yearly Community Survey	71% satisfied 2017/18 to 80% satisfied by 2020/21. Reset at that time.
	Gap between importance and satisfaction with customer service <sup>2</sup>	Two-yearly Community Survey	Gap reduction -2.3 to -1.5 by 2020/21. Reset at that time.
	Satisfaction with community engagement <sup>3</sup>	Two-yearly Community Survey	Establish baseline and target in 2019 Community Survey.
	Financial and Asset Ratios	Annual Report	Target Range (see ratio analysis above)
	Staff satisfaction	Staff survey	Establish baseline and target in 2017/18 as part of organisation review.

The Shire of Quairading has undertaken the following community engagement during 2018/2019:-

WORKING GROUPS / COMMITTEES	<ul style="list-style-type: none"> <li>• Tourism Working Group – meets monthly developing the Daft Tourism Development Strategy for Public and Council Consultation;</li> <li>• Aged Housing Working Group – recently commenced</li> <li>• Old School Site Working Group – July 2018: Final Amended concept circulated and agreed upon. Approved in principle by State Heritage Office;</li> <li>• Sporting Precinct Working Group – has been in recess while Building Condition Reports and Builder's recommendation Reports are prepared;</li> <li>• Community Park and Salmon Gum Woodlands Working Group – to be re-convened to review Draft Concept Plans.</li> <li>• Reconciliation Action Plan Committee – meets Quarterly.</li> </ul>
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<sup>1</sup> Community satisfaction with overall performance is measured as the percentage of residents and businesses considering performance is satisfactory or better. See the community engagement report April 2017 for details.

<sup>2</sup> The performance gap is derived from comparing the level of importance to the community and the level of satisfaction expressed in the two-yearly Community Survey. Customer service was one of the areas where the gap was the largest.

<sup>3</sup> Community engagement has been included given that the Council has identified this for improvement. A baseline is yet to be established and will be developed as input into the next IPR cycle.

SHIRE E-NEWSLETTERS / BANKSIA BULLETIN	<p><b>Shire Newsletter</b> produced and distributed in the 2018/2019 year:</p> <ul style="list-style-type: none"> <li>• June 2018 – 179 Subscribers: 64.2% Opens and 48.3% Clicks.</li> <li>• August 2018 – 179 Subscribers: 63.6% Opens and 47.7% Clicks.</li> <li>• October 2018 – 184 Subscribers: 60.0% Opens and 41.7% Clicks.</li> <li>• December 2018 – 181 subscribers: 66.1% Opens and 46.1% Clicks.</li> <li>• February 2019 – 180 subscribers: 60.9% Opens and 45.3% Clicks.</li> <li>• April 2019 – 178 subscribers: 52.2% Opens and 18.5% Clicks.</li> <li>• June 2019 – to be published and distributed on 12<sup>th</sup> June 2019.</li> </ul> <p><b>Banksia Bulletin:</b></p> <p>Shire President has published articles during the 2018/2019 year:</p>
SHIRE WEBSITE / EMERGENCY SMS	<p><b>Shire Website</b> is regularly updated with Council information and events by Council staff. A 'snapshot' of statistics is shown below.</p> <p><b>Emergency SMS Text System</b> reports regularly to subscribers on Emergency / Bush Fire / Harvest Ban Information.</p> <p>There are currently 388 Mobile Numbers in the Harvest Ban Group.</p>
FACEBOOK / TOWN CLOCK INFORMATION BOARD	<p><b>Facebook</b> is used extensively and ever increasing. A 'snapshot' of page view statistics is shown below.</p> <p><i>[Notwithstanding, social media is a medium through which the Shire can engage with its community, whether it be Facebook, twitter, etc. however the content, be it a calendar or regular or annual notice, are the result of other processes governed by the services provided by the Shire and are not strategies of the Plan but rather the content of the communication].</i></p> <p><b>Town Clock Information Board</b> – the electronic message board in the centre of town, which is regularly updated with Shire Community and Emergency messages by Council Admin Staff.</p>
SURVEYS/ CONSULTATIONS	<ul style="list-style-type: none"> <li>• Community Bus Future and Hire Charges Survey – Clubs / organisations and Community Members – February 2019.</li> <li>• Biennial Community Survey (now closed and results being collated) – 102 Responses.</li> <li>• School and Playgroup on the Community Park Concept.</li> <li>• Swimming Pool – Shade Sails (commenced Survey of Pool Users).</li> <li>• Ex Valley Ford (PTA) Land – Future Options.</li> <li>• Business After Hours Event – Held by Wheatbelt Business Network on 12/2018 (including Walk Down the Main Street).</li> <li>• Re-Branding Project presentations on 11<sup>th</sup> February 2019, Workshop held 11<sup>th</sup> April 2019 and formal presentation of Concepts / Logos on the 27<sup>th</sup> June 2019. <i>MailChimp statistics – Shire Rebranding Workshop – 179 subscribers: 54.5% Opens and 12.9% Clicks.</i></li> <li>• Caravan Park Patron Survey – ongoing.</li> </ul>

COMMUNITY EVENTS/  
CEREMONIES

- Citizenship Ceremonies performed:
- NAIDOC Week activities held 8-15 July 2018 and 13<sup>th</sup> September 2018.
- Awards Ceremony at the Quairading District High School held 11<sup>th</sup> December 2018.
- Farmers' Breakfast held on 15<sup>th</sup> October 2018.

## CLIENT REQUEST SYSTEM

A Client Request System was introduced in July 2018. The YTD statistics are:

Total of incoming CSR		%
Active	64	24%
Closed	185	69%
Further Action	16	6%
No Further Action	2	1%
	267	

























Further analysis of the Areas of Council Activities with Outstanding or overdue Tasks will be undertaken by the Executive Management Team and responsible Staff before Year end to ensure that the level of Outstanding is minimised and Requests "Closed Off" if the Work / task has been completed.

Year End analysis will also assist as a Benchmarking Tool for the CEO and Executive Managers and the Audit & Risk Committee

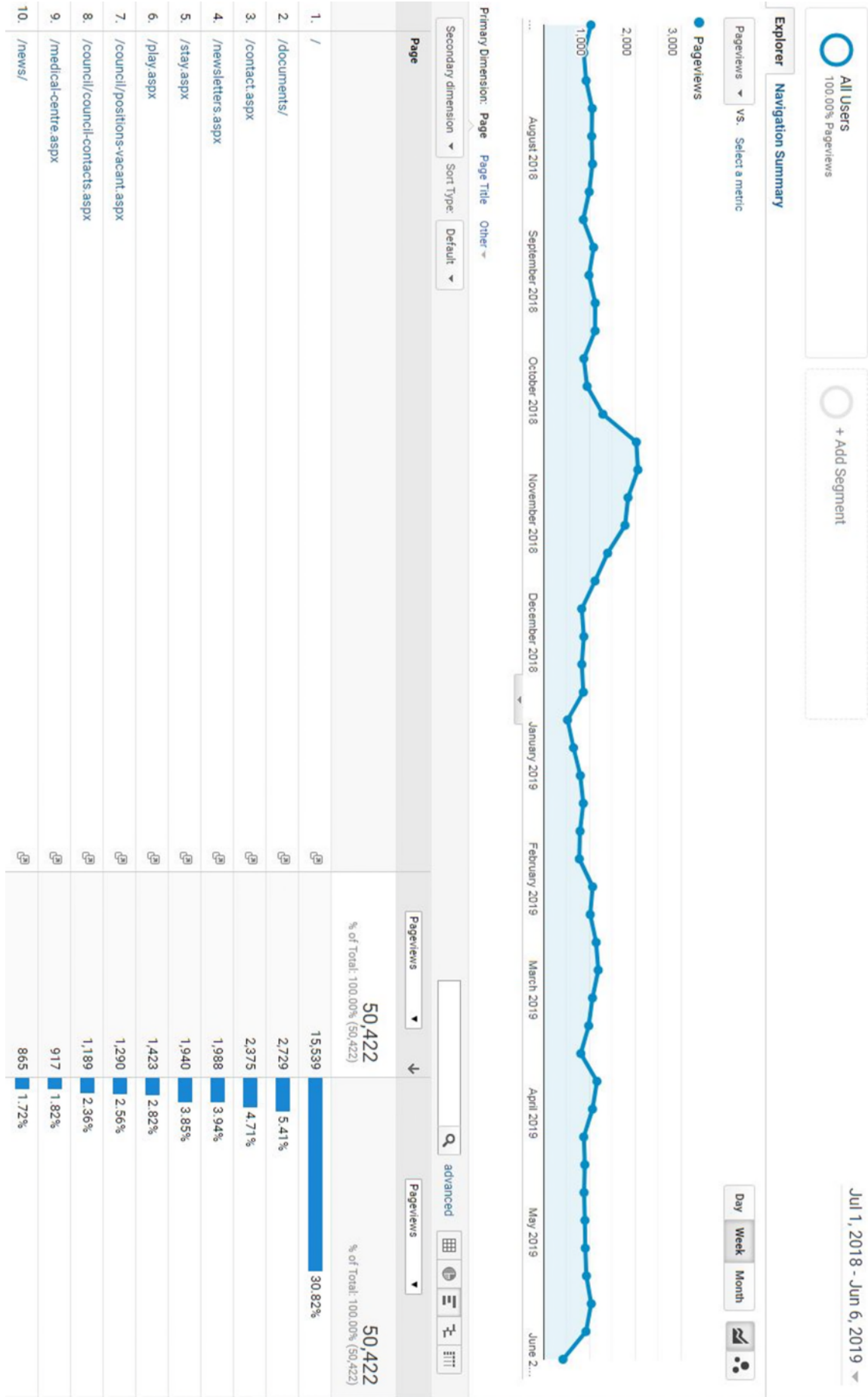
Client Requests are generated through various avenues including Community Reports by Phone, Website or over the Front Counter at the Administration Centre and the Works Depot.

## Shire of Quairading Facebook Page 'snapshot'

<input type="checkbox"/>	Posts	Reach	Clicks/Actions	Published
<input type="checkbox"/>	 Shire of Quairading shared a post.	280	72	May 3, 2019 at 9:29 PM Jodie Yardley
<input type="checkbox"/>	 Shire of Quairading shared a post.	214	15	May 2, 2019 at 2:11 PM Michelle Wilson
<input type="checkbox"/>	 <b>COMMUNITY SURVEY 2019</b> Last days to have your say as the Community Survey	199	6	May 2, 2019 at 12:55 PM Michelle Wilson
<input type="checkbox"/>	 <b>COMMUNITY SURVEY 2019</b> Two years ago the Shire developed its Strategic	216	10	Apr 30, 2019 at 1:53 PM Michelle Wilson
<input type="checkbox"/>	 <b>Youth Development Officer Assistant</b> Part Time - Casual An	904	68	Apr 30, 2019 at 1:26 PM Michelle Wilson
<input type="checkbox"/>	 With Respect	366	51	Apr 29, 2019 at 9:42 AM Jodie Yardley
<input type="checkbox"/>	 With respect	2K	278	Apr 26, 2019 at 8:21 AM Jodie Yardley
<input type="checkbox"/>	 Below is a list of things that current, and former members, of the Australian and	5.5K	550	Apr 25, 2019 at 6:30 AM Jodie Yardley
<input type="checkbox"/>	 Shire of Quairading shared a post.	281	41	Apr 24, 2019 at 9:34 PM Jodie Yardley
<input type="checkbox"/>	 <b>HAVE YOUR SAY</b> Two years ago the Shire developed its Strategic Community	349	36	Apr 18, 2019 at 5:34 PM Jodie Yardley
<input type="checkbox"/>	 With Respect	518	43	Apr 18, 2019 at 9:52 AM Jodie Yardley
<input type="checkbox"/>	 <b>FEDERAL ELECTION - 18TH MAY 2019</b> Details can be found on the Australian	191	3	Apr 16, 2019 at 2:36 PM Michelle Wilson
<input type="checkbox"/>	 <b>Co-op Easter Eggstravaganza</b> Why not hop down on Wednesday 17th	234	8	Apr 15, 2019 at 9:48 AM Michelle Wilson
<input type="checkbox"/>	 <b>SHIRE OF QUAIRADING REBRANDING WORKSHOP</b> Please come along to the	106	2	Apr 10, 2019 at 10:01 AM Michelle Wilson
<input type="checkbox"/>	 Shire of Quairading shared a post.	253	9	Apr 8, 2019 at 10:04 AM Michelle Wilson
<input type="checkbox"/>	 Thank you for supporting our little country town	234	30	Apr 5, 2019 at 10:14 PM Jodie Yardley
<input type="checkbox"/>	 <b>QUAIRADING 2019 ANZAC DAY SERVICE</b> The 2019 Anzac Day Service	384	29	Apr 4, 2019 at 12:47 PM Michelle Wilson
<input type="checkbox"/>	 The Shire invites your input on what makes Quairading unique and how you'd	105	2	Apr 3, 2019 at 11:54 AM Michelle Wilson
<input type="checkbox"/>	 <b>WHEATBELT SECONDARY FREIGHT ROUTES</b> Media Release - Federal	232	15	Apr 1, 2019 at 3:19 PM Michelle Wilson
<input type="checkbox"/>	 <b>drumMUSTER</b> drumMUSTER provides agricultural chemical users with a	299	8	Apr 1, 2019 at 2:31 PM Michelle Wilson
<input type="checkbox"/>	 Shire of Quairading shared a post.	147	4	Mar 31, 2019 at 11:26 AM Jodie Yardley
<input type="checkbox"/>	 Shire of Quairading shared a post.	127	3	Mar 29, 2019 at 6:59 PM Jodie Yardley
<input type="checkbox"/>	 Shire of Quairading shared a post.	244	43	Mar 29, 2019 at 6:56 PM Jodie Yardley
<input type="checkbox"/>	 <b>SHIRE OF QUAIRADING REBRANDING WORKSHOP</b> Council is working on	225	10	Mar 29, 2019 at 2:19 PM Michelle Wilson
<input type="checkbox"/>	 <b>WA Voluntary Assisted Dying Legislation Consultation</b> The Minister	237	14	Mar 29, 2019 at 1:28 PM Michelle Wilson

<input type="checkbox"/>	Posts	Reach	Clicks/Actions	Published
<input type="checkbox"/>	 <b>MURESK INSTITUTE - Small Landholders Day Sunday 16th June</b>	98	3	Jun 7, 2019 at 9:59 AM Michelle Wilson
<input type="checkbox"/>	 <b>UPDATE 12.59 - CRASH CLEARED – GREAT EASTERN HIGHWAY</b>	157	7	Jun 7, 2019 at 9:10 AM Michelle Wilson
<input type="checkbox"/>	 More information:- <a href="https://mailch.mp/fo81a5ecae89/yqyoxuv">https://mailch.mp/fo81a5ecae89/yqyoxuv</a>	180	5	Jun 6, 2019 at 1:19 PM Michelle Wilson
<input type="checkbox"/>	 <b>WATER PRESSURE REDUCTION - QUAIRADING TOWN SITE Water</b>	391	20	Jun 4, 2019 at 11:57 AM Michelle Wilson
<input type="checkbox"/>	 <b>HVS ROAD ASSESSMENT</b> These roads have been assessed and added to the	287	35	May 31, 2019 at 11:18 AM Michelle Wilson
<input type="checkbox"/>	 <b>PICKING UP AFTER YOUR DOG</b> No one likes stepping in dog poo, whether it's	313	25	May 31, 2019 at 10:32 AM Michelle Wilson
<input type="checkbox"/>	 Shire of Quairading shared a photo.	326	37	May 31, 2019 at 9:15 AM Michelle Wilson
<input type="checkbox"/>	 The Shire of Quairading has the following position vacant:- <b>PLANT OPERATOR /</b>	241	22	May 29, 2019 at 1:08 PM Michelle Wilson
<input type="checkbox"/>	 <b>WATER CORPORATION EXPECTED ROAD WORKS 27TH MAY TO 31ST MAY 2019</b>	206	9	May 23, 2019 at 11:44 AM Michelle Wilson
<input type="checkbox"/>	 <b>CLIPPING FOR CUPLYZER THURSDAY 30TH MAY 10AM, LESSOR HALL.</b>	543	36	May 23, 2019 at 9:49 AM Michelle Wilson
<input type="checkbox"/>	 <b>Associations - The transition period is ending</b> When the Associations and	176	7	May 22, 2019 at 1:11 PM Michelle Wilson
<input type="checkbox"/>	 Shire of Quairading shared a photo.	158	7	May 22, 2019 at 8:57 AM Michelle Wilson
<input type="checkbox"/>	 <b>ST JOHN BOOSTS QUAIRADING'S RESPONSE CAPABILITY</b> St John WA	685	103	May 21, 2019 at 2:19 PM Michelle Wilson
<input type="checkbox"/>	 <b>Agricultural Pilot Requirements</b> Main Roads have a released an Agricultural	295	40	May 20, 2019 at 11:00 AM Michelle Wilson
<input type="checkbox"/>	 <b>With Respect</b>	527	105	May 20, 2019 at 9:21 AM Jodie Yardley
<input type="checkbox"/>	 <b>POSITION VACANT - AUSTRALIAN ELECTORAL COMMISSION</b> The AEC are	67	0	May 16, 2019 at 2:27 PM Michelle Wilson
<input type="checkbox"/>	 <b>Pause for paws – feedback on dog and cat laws in WA</b> The Department of Local	174	6	May 15, 2019 at 2:19 PM Michelle Wilson
<input type="checkbox"/>	 <b>WANT TO HEAR FROM US?</b> Would you like to hear from the Shire directly in your	209	15	May 15, 2019 at 1:31 PM Michelle Wilson
<input type="checkbox"/>	 Shire of Quairading shared a photo.	210	22	May 15, 2019 at 11:34 AM Michelle Wilson
<input type="checkbox"/>	 <b>POSITION VACANT PLANT OPERATOR / GENERAL HAND</b> Applications are invited	511	71	May 15, 2019 at 11:20 AM Michelle Wilson
<input type="checkbox"/>	 <b>Last Day for giving feedback via the 2019 Community Survey -</b>	130	2	May 10, 2019 at 10:00 AM
<input type="checkbox"/>	 <b>QUAIRADING POLING POSITION AVAILABLE</b> Please contact DFP	267	27	May 9, 2019 at 2:40 PM Michelle Wilson
<input type="checkbox"/>	 <b>Final Days - 2019 Community Survey</b> closes this Friday 10 May. Please click	158	2	May 8, 2019 at 10:11 AM
<input type="checkbox"/>	 <b>COMMUNITY SURVEY 2019</b> This is the last week to have your say as the	207	7	May 7, 2019 at 1:22 PM Michelle Wilson
<input type="checkbox"/>	 <b>FEDERAL ELECTION - SATURDAY 18 MAY 2019</b> The 2019 Australian federal	315	14	May 7, 2019 at 1:10 PM Michelle Wilson

### Shire of Quairading Website 'snapshot' of Statistics



**RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.**

***Financial - Risk Matrix Rating is considered Low***

***Health – Risk Matrix Rating is considered Low***

***Reputation – Risk Matrix Rating is considered Low***

***Operation – Risk Matrix Rating is considered Low***

***Natural Environment – Risk Matrix Rating is considered Low.***

**COMMENT**

The Community Engagement Policy is aimed to ensure that:

- Council has the opportunity to consider the input of a wide range of community members before making decisions or developing and finalising Strategic Plans;
- Community members are given the opportunity to contribute to the planning and development process;
- That a biannual Survey of Customer Satisfaction is undertaken in March; and
- Community and landholders are consulted during major works/projects on the impact and progress of those works/projects.





## COMMUNITY ENGAGEMENT POLICY

<b>Document Status</b>	Adopted
<b>Statutory Environment</b>	Local Government Act (1995) – Section 5.56(2)

### Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	29 March 2018	172-17/18	New Policy	
02	Graeme Fardon			Policy Review Project	10/10/2018
03	A&R Committee	20 December 2018	115-18/19	<i>Revised 12/12/2018</i>	

## PURPOSE

This policy sets out the governing principles for community engagement and consultation that underpin the Integrated Planning and Reporting framework to ensure the strategic direction of the organisation is in keeping with community values and aspirations.

## OBJECTIVES

The objective of this policy is to provide guidance to Councillors and Officers in planning, implementing and reviewing community engagement and consultation for key projects, strategic planning and policy development. This is to ensure informed decision-making, transparency, timely and effective communication with key stakeholders and the general community.

## POLICY

- Council is committed to providing leadership and a strong commitment to information sharing, consultation and active participation of the community in contributing to the decision making process.
- Council acknowledges the right of the community to access information, provide feedback, be consulted and actively participate in strategic planning or in key projects of service development. Council's obligations to respond to the community when exercising these rights are to be clearly stated in specific consultation processes.
- Objectives for, and limits to, information, consultation and active participation during planning, project and key service development are to be defined from the outset. The respective roles and responsibilities of the community (including individuals and groups) and Council (including Councillors and Officers) are to be made clear as well as to who makes final decisions once the information is analysed.
- The approach for specific consultations is to be tailored to the target audiences and consider all other factors outlined in this policy.
- Consultation is to be undertaken as early in the planning process as possible to allow to widen the scope of consultation and to improve the outcomes. Adequate time to be made available for consultation to be effective.
- Information provided by Council during planning, project and key service development is to be objective, complete and accessible. All those involved in a consultation process are to have equal treatment when exercising their rights of access to information and participation.
- Council is to ensure adequate financial, human and technical resources are available to make a consultation initiative effective. The allocation of resources is to be considered in relation to broader budgetary restraints and the implications to existing priorities. Council is to support its officers in consultation initiatives.
- Consultation on specific planning, project and key service development are to be coordinated across Council to enhance knowledge management, ensure policy coherence, avoid duplication and reduce the risk of "consultation fatigue" within the community.
- Council is to be accountable for the use made of input from a consultation process. Council is to ensure consultation processes are open, transparent and amenable to external scrutiny and review.
- Council to actively and openly evaluate its consultation processes and practices in planning, project and key service development. The results of evaluation may directly impact upon future consultation initiatives.

## OUTCOMES

Measures of success of consultation will include assessments of whether: -

- The interests of all parties have been served;
- Expectations concerning the process have been met;
- Consensus, consent and commitment have emerged;
- The process has encouraged generation of the best options;
- Objective criteria have been used to assess the different options under consideration;
- Understanding has been enhanced;
- Relationships between Council and the community and within the community have been enhanced.
- The decision resulting from the consultation has been stable and enduring.
- Timeframes and Communication Methods have been developed.

## EVALUATION

An Annual Assessment of the level engagement achieved to be reported to the June Audit & Risk Committee.

## RESPONSIBILITY

Responsibility for the implementation of this policy rests with the Council, Chief Executive Officer and Staff of the Shire.

## GUIDELINES

**Principles for Community Engagement** - Community engagement underpins the development of the Integrated Planning Framework and ensures that community needs and aspirations are considered in developing and implementing Council's strategic directions and priorities - Annexure A (Attached).

Local Government Act 1995 - Local councils in Western Australia are legally required to conduct public consultation through a prescribed process on a range of specific matters.

Quairading Strategic Community Plan - All of Council's strategic documents are linked to an Integrated Planning Framework. This framework seeks to ensure that all of Council's activities and resources are aligned to meet the aspirations, needs and expectations of the Shire's community.

Customer Service Charter.

Communication Policy.

Complaints Policy.

## Annexure A: Principles for Community Engagement

	Inform	Consult	Involve	Report/Evaluation
Public Participation Goal	To provide the public with timely, balanced and objective information to assist them in understanding the problem alternatives, opportunities and/or solutions	To capture community feedback on analysis, alternatives and or decisions impacting on strategic plans, directions, issues, priorities and projects	To work on an ongoing basis with the community to ensure that community ideas, concerns and aspirations are listened to and understood and that community knowledge is harnessed for the benefit of all.	Council to provide feedback on Shire decisions
Promise to the public	Council is to work with you on an ongoing basis to ensure your ideas, concerns and aspirations are considered.  Council is to keep you informed.	Council is to listen to you, consider your ideas and keep you informed and acknowledge concerns and aspirations,	Work directly with the public on an ongoing basis to ensure that your ideas, concerns and aspirations are considered	Council to provide feedback on how public input influenced Council decisions
Example techniques	<ul style="list-style-type: none"> <li>• Newspapers</li> <li>• Newsletters</li> <li>• Radio</li> <li>• Posters</li> <li>• SMS/email</li> <li>• Website</li> <li>• Facebook</li> <li>• MailChimp</li> <li>• Banksia Bulletin</li> </ul>	<ul style="list-style-type: none"> <li>• Public comment</li> <li>• Focus groups</li> <li>• Surveys biennial (March)</li> <li>• Consultative workshops</li> <li>• Individuals and or Business.</li> <li>• Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Council Committees/Forums</li> <li>• Working groups</li> <li>• User groups</li> <li>• Volunteer groups</li> </ul>	<ul style="list-style-type: none"> <li>• Direct response</li> <li>• Newsletters</li> <li>• SMS/email</li> <li>• Website</li> <li>• Customer Service Survey</li> <li>• Facebook</li> <li>• MailChimp</li> </ul>

### 11.3 Review of Committee Performance, Membership and Terms of Reference

<b>Meeting Date</b>	11 <sup>th</sup> June 2019
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	CEO Graeme Fardon
<b>Attachments</b>	11.3a A&R Terms of Reference
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

**NIL – Listed for Preliminary Discussion**

**VOTING REQUIREMENTS – N/A**

#### IN BRIEF

- Committee Terms of Reference 9.5.
- Annual Review – Timing of Review given October 2019 Elections.
- Listed for September 2019 A&R Committee Meeting.
- Council's Auditor has advised Council and the A&R Committee that the Auditor General is recommending that Audit & Risk Committees be smaller in number of Elected Members rather than 'Whole of Council' Committee.
- Further information will be sought on this Issue before Committee Reviews its Terms of reference prior to the September 2019.

#### MATTER FOR CONSIDERATION

For Discussion purposes once further information is available.

#### BACKGROUND

Nil

#### STATUTORY ENVIRONMENT

*Local Government Act 1995* Part 7 refers to the Audit Committees.

Local Government (Audit) Regulations 1996

#### POLICY IMPLICATIONS

Current Terms of Reference of the Audit & Risk Committee

#### FINANCIAL IMPLICATIONS

Nil – At this stage

#### COMMUNITY CONSULTATION

N/A

**RISK ASSESSMENT** – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is considered Low

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low.



## AUDIT & RISK COMMITTEE TERMS OF REFERENCE

<b>Document Status</b>	Adopted
<b>Statutory Environment</b>	Local Government Act 1995, Local Government (Audit) Regulations 1996, Local Government (Financial Management) Regulations 1996

### Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	26 October 2017	72-17/18	New Policy	
02	Graeme Fardon	30 November 2017	98-17/18	Revised	
03	Graeme Fardon			Annual Review	4/12/2018
04	A&R Committee	20 December 2018	117-18/19	<i>Revised 12/12/2018</i>	

## PURPOSE

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the Local Government Act 1995 and associated Regulations.

The Committee will also undertake a Risk Management function to ensure adequate statutory compliance and best practice mitigation is occurring.

## OBJECTIVE

The objective of the Committee is to assist Council in providing a transparent and independent process in its audit, risk and governance management to ensure accountability to the community in the governance and compliance framework and its financial and risk management responsibilities.

## POLICY

The Audit & Risk Committee (the "Committee") is a formally appointed Committee of the Shire of Quairading, pursuant to a number of specific pieces of legislation. These include: -

*The Local Government Act 1995, The Local Government (Audit) Regulations 1996, the Local Government (Financial Management) Regulations 1996. The Local Government Act 1995, Section 7 deals specifically with the audit and process.*

The Committee does not have executive powers or authority to implement actions in areas where Management has the responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent from management.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by the Committee and Council in relation to the discharge of its responsibilities.

### 1. MEMBERSHIP

- 1.1 Members of the Committee are appointed by Council. The Committee is to consist of all Elected Members. The Elected Members are to vote and elect the Chairperson.
- 1.2 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member has to vote on every matter that is before the Committee for decision.
- 1.3 The Chief Executive Officer, Senior Management and other Administration Staff may attend any meeting as observers or be responsible for preparing papers for the Committee.
- 1.4 The Councils External auditors may be invited to attend meetings of the Committee.
- 1.5 Appointment of all members of the Committee will be for a term of two (2) years at the commencement of each Council term after a Council Election
- 1.6 Committee members are paid meeting attendance fees in accordance with the requirements of the Local Government Act.

**2. SECRETARIAL/ADMINISTRATIVE RESOURCES**

2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

**3. QUORUM**

3.1 The quorum necessary for the transaction of business shall be five (5) members of the Audit and Risk Committee.

**4. FREQUENCY OF MEETINGS**

4.1 The Committee may meet at least quarterly at a minimum or as determined by the Committee.

4.2 A schedule of meetings is to be developed for the Year and agreed by the members of the Committee.

4.3 The Chief Executive Officer is delegated the authority to vary the meeting schedule after liaison with the Committee Chairperson.

4.4 The Chief Executive Officer is delegated not to call an ordinary meeting of the Committee should the Committee have no Matters for Consideration. Such Delegation to only be exercised after liaison with the Committee Chairperson.

**5. NOTICE OF MEETINGS**

5.1 Ordinary meetings of the Committee may be held at times determined by Council.

5.2 A Special Meeting of the Committee may be called with the approval of all the Committee members.

5.3 The Agenda of the Committee meetings, subject to any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are also required to be made available to the public.

5.4 The Notice of Meeting and Supporting Papers is to be lodged in the Document Centre on the Quairading Website no later than three (3) clear days prior to the date of the Meeting.

**6. MINUTES OF MEETINGS**

6.1 The Minutes of the Committee Meetings are to be in accordance with the provisions of the LG Act, LG Regulations and Departmental Guidelines.

6.2 Minutes of the Committee are to be lodged in the Document Centre on the Quairading Website within five (5) working days after a meeting.

**7. ROLES OF THE AUDIT COMMITTEE****7.1 Support Function**

The Committee will also support the auditor as required and have functions to oversee: -

- the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

**7.2 Financial Reporting**

The Committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Committee is required to review and challenge where necessary: -

- The consistency of, and any changes to, accounting policies both on a year on year basis;
- The methods used to account for significant or unusual transactions where different approaches are possible;



- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors;
- The clarity of disclosure in the Councils financial reports and the context in which statements are made; and
- All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

### **7.3 Internal Control & Risk Management Systems**

The Committee is required to: -

- Keep under review the effectiveness of the Council's internal controls and risk management systems;
- Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the Audit and Financial Management Regulations.
- Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;
- Receive and review reports from the Chief Executive Officer on the activities of the Strategic Risk Management Plan and the Operational Risk Management Plan.

### **7.4 Strategic Management Plans and Annual Business Plans**

The Committee is to propose and provide information relevant to a review of the Council Strategic Management Plans or Annual Business Plan.

### **7.5 Other Investigations**

The Committee, when necessary, propose and review the exercise of Council's powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.

### **7.6 Internal Audit**

- (a) The Committee is required to monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee can consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.
- (b) The Committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.
- (c) The Committee may meet with Management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.
- (d) The Committee is required to monitor and review the selection process for the External Auditor and any internal auditor (if appointed). Appointment of any internal auditor is the responsibility of management.

### **7.7 External Audit**

- (a) The Committee is required to monitor and review guidelines on the supply of non- audit services by the External Auditor, taking into account any relevant ethical guidance on the matter.
- (b) The Committee may consider, and make recommendations to the Council, in relation to the appointee, reappointment and removal of the Council External Auditor. The Committee is to oversee the selection process for a new External Auditor and if the External auditor resigns, the Committee endeavours to investigate the issues leading to the resignation and decide whether any action is required.
- (c) The Committee is required to oversee the relationship with the External Auditor, including, but not limited to: -

- Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
  - Recommending the approval of the external auditors terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
  - Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor; including the provision of any non-audit services;
  - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
  - Monitoring the external auditor's compliance with legislative requirements in the rotation of audit partner's and
  - Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process;
  - Oversee the transition of the Audit Function to the Office of the Auditor General.
- (d) The Committee may review and make recommendation to the Annual Audit Plan and ensure that it is consistent with the scope of the engagement and relevant legislation and standards.
- (e) The Committee is to review the findings of the External Audit. This may include, but not be limited to, the following: -
- Discussion of any major issues which arose during the audit;
  - Any accounting and audit judgments; and
  - Levels of errors identified during the audit.
- (f) The Committee is to review any representation letter(s) requested by the External Auditor before they are signed by management.
- (g) The Committee is to review the report to the Chief Executive Officer and management's response to the External auditor's findings and recommendations.

### **7.8 CEO Performance Appraisal**

The Committee is also responsible for facilitating / arranging Chief Executive Officer's Performance Review Process.

## 8. REPORTING RESPONSIBILITIES

8.1 The minutes of the Committee are to be presented to the Council after every meeting to identify and present advice and recommendations.

## 9. OTHER MATTERS

The Committee is to: -

9.1 Have access to, at the Councils expense, legal or other professional advice on any matter within its Terms of Reference.

9.2 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.

9.3 Give due consideration to laws and regulations of the *Local Government Act 1995*.

9.4 Oversee any investigation of activities which are within its Terms of Reference.

9.5 At least once per year, review its own performance, membership and Terms of Reference to ensure it is operating at a maximum effectiveness and recommend changes it considers necessary to the Council for approval.

## GUIDELINES

Local Government Act 1995;

Local Government (Audit) Regulations 1996;

Local Government (Financial Management) Regulations 1996.

ITEM 12 COUNCILLORS' EMERGING ISSUES

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*No matters for consideration.*

ITEM 13 CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

*No matters for consideration.*

**ITEM 14      NEXT MEETING DATE**

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The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 10<sup>th</sup> September 2019, commencing at 5.00pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

**ITEM 15      CLOSURE**

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There being no further business, the Chairman closed the Meeting at \_\_\_\_\_ pm.